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CITY OF ATLANTIC CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

CITY OF ATLANTIC CITY

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CITY OF ATLANTIC CITY

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Atlantic City, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Atlantic City, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Atlantic City on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Atlantic City as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Atlantic City's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Uniform Guidance and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2019 on our consideration of the City of Atlantic City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Atlantic City's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

August 16, 2019

EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 69,026,202.48	78,912,725.33
Cash - Collector	-	-
Cash - Change	1,470.00	1,470.00
Total Cash	<u>69,027,672.48</u>	<u>78,914,195.33</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	159,025.38	135,891.45
State - Qualified Bonds, Prepaid	7,377,612.49	4,068,737.49
Due from State	1,771,949.96	-
Total Other Receivables	<u>9,308,587.83</u>	<u>4,204,628.94</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,533,764.05	1,223,005.66
Tax Title and Other Liens	5,218,471.45	9,741,799.56
Property Acquired for Taxes - at Assessed Valuation	57,598,200.00	29,857,600.00
Demolition Assessments and Liens	3,217,728.29	2,971,169.33
Revenue Accounts Receivable	84,554.96	109,595.51
Advance from AC Endowment Fund	-	3,000,000.00
Interfund Receivable:		
Payroll	1,327.28	
Atlantic City Municipal Utility Authority	23,460.87	
Animal Control Fund	1,243.10	468.00
CDBG	927,953.76	168,643.93
Federal and State Grant Fund	2,053,785.16	3,245,066.09
Trust	644,257.50	-
Total Receivables and Other Assets	<u>71,304,746.42</u>	<u>50,317,348.08</u>
Deferred Charges:		
Deficit in Operations	6,153,702.24	7,384,442.24
Prior Outstanding Payables	-	44,843,282.00
Special Emergency Appropriation	100,000.00	-
Total Deferred Charges	<u>6,253,702.24</u>	<u>52,227,724.24</u>
Total Regular Fund	<u>155,894,708.97</u>	<u>185,663,896.59</u>
Federal and State Grant Fund:		
Cash	313,628.10	125,039.43
Federal and State Grants Receivable	33,031,200.05	27,955,200.56
Due from Trust Fund - Other	756.09	756.09
Total Federal and State Grant Fund	<u>33,345,584.24</u>	<u>28,080,996.08</u>
Total Current Fund	<u>\$ 189,240,293.21</u>	<u>213,744,892.67</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 12,486,287.40	9,017,566.82
Reserve for Encumbrances	5,560,640.93	4,208,606.51
Accounts Payable	1,249,725.73	385,872.57
Prior Outstanding Open Payables	-	44,843,282.00
Other Payables	44,418.76	
Prepaid Taxes	1,060,278.04	2,634,154.11
Overpaid Taxes	1,507,150.50	6,943,453.88
Casino PILOT Payable	-	3,476,231.05
Local School Tax Payable	-	3,347,843.11
County Added Tax Payable	13,255.79	111,715.64
Due to State:		
Marriage Licenses	981.00	1,053.00
CCO Fees	33,477.00	128,840.00
Interfund Payable:		
AC Endowment Trust	945,910.46	-
Performance Bond Trust	205,862.89	-
Other Trust Funds	11,513,650.70	12,634,459.00
Other		
Payroll Deductions Payable	2,880,420.05	1,573,862.92
AC Endowment Fund	-	1,320,801.51
Reserve for Revaluation	900,000.00	900,000.00
Reserve for Performance Bonds	-	205,862.89
Reserve for Police Property Room	50,338.71	50,338.71
Reserve for State Tax Appeals Pending	18,427,116.04	17,427,116.04
Reserve for FEMA	7,414,795.65	7,500,696.71
Reserve for Debt Service - IAT Excess	2,972,324.00	-
Reserve for Preparation of Approved Tax Map	188,107.55	188,107.55
Reserve for Sale of Municipal Property	3,807,288.89	5,666,072.00
	<u>71,062,030.09</u>	<u>122,565,936.02</u>
Reserve for Receivables and Other Assets	71,304,746.42	50,317,348.08
Fund Balance	<u>13,527,932.46</u>	<u>12,780,612.49</u>
Total Regular Fund	<u>155,894,708.97</u>	<u>185,663,896.59</u>
Federal and State Grant Fund:		
Unappropriated Reserves	12,681.11	203,346.57
Appropriated Reserves	27,794,589.03	20,495,655.68
Encumbrances Payable	3,475,043.64	4,127,442.44
Due to Current Fund	2,053,785.16	3,245,066.09
Due to Agencies	9,485.30	9,485.30
Total Federal and State Grant Fund	<u>33,345,584.24</u>	<u>28,080,996.08</u>
Total Current Fund	<u>\$ 189,240,293.21</u>	<u>213,744,892.67</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	2018	2017
Revenue and Other Income Realized		
Fund Balance	\$ -	-
Miscellaneous Revenue Anticipated	179,401,215.34	169,919,646.34
Receipts from Delinquent Taxes	1,334,030.62	7,829,588.07
Receipts from Current Taxes	87,883,759.05	96,542,661.04
Non Budget Revenue	1,541,619.11	1,851,369.80
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	7,618,697.72	13,763,747.27
Reserves and Accounts Payables Canceled	-	2,479,605.32
Reserve for State Tax Appeals	-	71,667,203.59
Total Income	<u>277,779,321.84</u>	<u>364,053,821.43</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	71,050,459.00	67,245,899.00
Other Expenses	66,019,683.64	95,504,453.00
Deferred Charges & Statutory Expenditures	23,064,071.75	23,158,311.35
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	1,511,660.00	-
Other Expenses	12,317,971.74	6,231,896.24
Capital Improvements	5,753,265.80	200,000.00
Debt Service	34,274,286.65	29,126,194.07
Deferred Charges	13,812,951.43	-
Local District School Tax	43,014,887.00	41,888,968.00
County Tax	6,056,430.42	7,469,141.60
County Share of Added Tax	13,255.79	111,715.64
Interfund Created	237,849.65	50,832.69
Refund of Prior Year's Revenue		280,673.55
Other:		
Net Cancelled Grant Balances	5,229.00	
Prior Year Overpayments	-	71,667,203.59
Borgata Deferred Charge	-	20,113,235.84
Total Expenditures	<u>277,132,001.87</u>	<u>363,048,524.57</u>
Excess/(Deficit) in Revenue	647,319.97	1,005,296.86

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	100,000.00	-
Emergency Appropriation		
Special Emergency Appropriation		
Total Adjustments	<u>100,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>747,319.97</u>	<u>1,005,296.86</u>
Fund Balance January 1	<u>12,780,612.49</u>	<u>11,775,315.63</u>
	13,527,932.46	12,780,612.49
Decreased by:		
Utilization as Anticipated Revenue	<u>-</u>	<u>-</u>
Fund Balance December 31	<u>\$ 13,527,932.46</u>	<u>12,780,612.49</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ -	-	-	-
Total Fund Balance Anticipated	-	-	-	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	200,000.00		214,669.20	14,669.20
Other	935,000.00		877,402.66	(57,597.34)
Fees and Permits	1,500,000.00		1,695,533.17	195,533.17
Fines and Costs:				
Municipal Court	1,370,000.00		1,301,119.10	(68,880.90)
Interest and Costs on Taxes	1,800,000.00		1,002,141.25	(797,858.75)
Interest Earned on Investments	150,000.00		957,491.96	807,491.96
Parking Meters	800,000.00		767,023.38	(32,976.62)
Boardwalk Tram Fees	235,000.00		431,030.48	196,030.48
Mortgage Registration Fees	200,000.00		169,500.00	(30,500.00)
Refunds and Reimbursements	1,500,000.00		100,044.14	(1,399,955.86)
Rent and Sale of City Property	525,000.00		1,711,781.50	1,186,781.50
Towing Fees	300,000.00		408,033.95	108,033.95
Payments in Lieu of Taxes				
Magellan Manor	85,000.00		89,881.00	4,881.00
Maryland Ave	16,250.00		5,705.00	(10,545.00)
Metropolitan Plaza	28,000.00		22,158.00	(5,842.00)
New York Ave Apt	110,000.00		118,608.80	8,608.80
Beachview	11,350.00		17,754.00	6,404.00
Elliot House	14,000.00		-	(14,000.00)
School House Liberty	29,900.00		39,238.98	9,338.98

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Urban - Connecticut	60,000.00		52,862.99	(7,137.01)
Town House Terraces East I	74,000.00		76,886.00	2,886.00
Baltic Plaza Apt	100,000.00		114,970.00	14,970.00
Community Haven	375,600.00		417,366.00	41,766.00
Hamilton Venice Apartments	53,500.00		57,201.00	3,701.00
Carver Hall	300,000.00		429,460.71	129,460.71
Barclay Arms	55,000.00		54,975.34	(24.66)
Brigantine Homes	125,000.00		130,461.00	5,461.00
Bass Pro Shop	165,000.00		330,492.80	165,492.80
The Walk Phase I	648,000.00		648,048.01	48.01
The Walk Phase II	258,000.00		258,236.57	236.57
The Walk Phase III	91,000.00		91,717.00	717.00
Atlantic Marina	450,000.00		481,479.00	31,479.00
Atlantic City Townhouses	-		-	-
Casinos Pilot	69,149,565.00		68,829,884.55	(319,680.45)
Total Section A: Local Revenues	81,714,165.00	-	81,903,157.54	188,992.54
Section B: State Aid Without Offsetting Appropriations				
Consolidated Municipal Property Tax Relief Act	33,144,856.00		33,144,856.00	-
Energy Receipts Tax	8,115,858.00		8,115,858.00	-
Transitional Aid	3,900,000.00		3,900,000.00	-
ACA Funds	10,000,000.00		10,000,000.00	-
IAT Funds	6,700,000.00		6,700,000.00	-
Total Section B: State Aid Without Offsetting Appropriations	61,860,714.00	-	61,860,714.00	-
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	2,340,000.00		2,604,952.00	264,952.00
Total Section C: Uniform Construction Code Fees	2,340,000.00	-	2,604,952.00	264,952.00

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Drunk Driving Enforcement Fund	78,846.79		78,846.79	-
Clean Communities		79,955.09	79,955.09	-
SJ Gas First Responders		2,500.00	2,500.00	-
Recycling Tonnage Grant	124,491.37		124,491.37	-
Federal Body Armor		24,042.50	24,042.50	-
Local Law Enforcement Block Grant - Interest	8.41		8.41	-
NJ DOT Chelsea Albany Ave Repaving	100,000.00		100,000.00	-
NJ DOT CMAC Traffic Sync	200,000.00		200,000.00	-
NJ DOT Main Ave Parking Enhance	567,330.00		567,330.00	-
NJ DOT Ohio Ave Bridge Replacement	2,000,000.00		2,000,000.00	-
NJ DOT Atlantic Ave Morris to Rhode Island	1,200,000.00		1,200,000.00	-
CRDA Class 2 Officers	1,500,000.00		1,500,000.00	-
NJ DEP Caspian Ave and Gardner's Basin		3,672,000.00	3,672,000.00	-
COPS in Shops	6,160.00		6,160.00	-
Alliance on Alcoholism and Drugs	30,059.00		30,059.00	-
Click It or Ticket	5,500.00		5,500.00	-
Childhood Poisoning Prevention Project	58,431.00		58,431.00	-
FEMA Assistance to Firefighters		771,818.00	771,818.00	-
FEMA Flood Mitigation		1,758,929.98	1,758,929.98	-
NJ EDA - Innovation Planning Challenge Grant		100,000.00	100,000.00	-
NJ Homeland Security Physical Barrier		175,000.00	175,000.00	-
CDBG Disaster Recovery	60,955.24		60,955.24	-
Total Section F: Special Items - Public and Private Programs	5,931,781.81	6,584,245.57	12,516,027.38	-
Off-Set with Appropriations				

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
Uniform Fire Safety Act	225,000.00		276,927.19	51,927.19
Atlantic City Municipal Utilities Authority	673,220.00		673,220.00	-
FEMA Reimbursement	3,053,265.80		3,053,265.80	-
Capital Surplus	14,012,951.43		14,012,951.43	-
Reserve for the Sale of Municipal Property	2,500,000.00		2,500,000.00	-
Total Section G: Other Special Items	<u>20,464,437.23</u>	<u>-</u>	<u>20,516,364.42</u>	<u>51,927.19</u>
Total Miscellaneous Revenues:	<u>172,311,098.04</u>	<u>6,584,245.57</u>	<u>179,401,215.34</u>	<u>505,871.73</u>
Receipts from Delinquent Taxes	<u>2,000,000.00</u>		<u>1,334,030.62</u>	<u>(665,969.38)</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	51,843,952.99		43,834,132.42	(8,009,820.57)
Library Tax	933,089.36		933,089.36	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>52,777,042.35</u>	<u>-</u>	<u>44,767,221.78</u>	<u>(8,009,820.57)</u>
Budget Totals	<u>227,088,140.39</u>	<u>6,584,245.57</u>	<u>225,502,467.74</u>	<u>(8,169,918.22)</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:			<u>1,541,619.11</u>	<u>1,541,619.11</u>
\$	<u>227,088,140.39</u>	<u>6,584,245.57</u>	<u>227,044,086.85</u>	<u>(6,628,299.11)</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 87,883,759.05
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Less: Reserve for Tax Appeals Pending	<u>-</u>
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Net Revenue from Collections	87,883,759.05
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Allocated to:

School, County and Other Taxes	<u>49,084,573.21</u>
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Balance for Support of Municipal Budget Appropriations	38,799,185.84
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	<u>5,968,035.94</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>44,767,221.78</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$ 303,827.32	
Tax Title Lien Collections	<u>1,030,203.30</u>	

Total Receipts from Delinquent Taxes	<u><u>1,334,030.62</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Medical Transport	192,000.00	
Miscellaneous Collector	39,527.00	
Surrendered Premiums	81,300.00	
Bingo	2,590.00	
Special Events	45,400.00	
Reimbursements	89,767.20	
Senior Citizens Veterans Admin Fee	1,936.60	
PILOT's not Anticipated	370,013.05	
Police Detail	494,836.26	
Miscellaneous	<u>224,249.00</u>	

Total Miscellaneous Revenue Not Anticipated:	<u><u>\$ 1,541,619.11</u></u>
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Non-cash	576,136.26
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Tax Collector	39,527.00
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Treasurer	925,955.85
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	<u><u>\$ 1,541,619.11</u></u>
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Changed	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
Mayor's Office						
Salaries and Wages	\$ 306,287.00	306,287.00	291,901.48	-	14,385.52	-
Other Expenses	12,915.00	12,915.00	11,862.54	768.14	484.32	-
Business Administrator						
Salaries and Wages	105,943.00	105,943.00	101,107.75	-	4,835.25	-
Other Expenses	139,930.00	139,930.00	83,417.25	42,841.97	13,670.78	-
Administrative Services - Mail Room						
Salaries and Wages	69,368.00	69,368.00	34,657.95	-	34,710.05	-
Other Expenses	173,634.00	173,634.00	92,546.35	190.25	80,897.40	-
Solicitor's Office						
Salaries and Wages	769,081.00	769,081.00	678,389.75	-	90,691.25	-
Other Expenses	1,007,085.00	1,007,085.00	588,943.17	363,125.39	55,016.44	-
Prosecutor's Office						
Salaries and Wages	282,436.00	292,436.00	286,291.59	-	6,144.41	-
Other Expenses	28,780.00	28,780.00	10,945.33	2,262.22	15,572.45	-
Public Defender						
Salaries and Wages	138,048.00	128,048.00	90,466.93	-	37,581.07	-
Other Expenses	30,250.00	40,250.00	23,819.71	1,856.61	14,573.68	-
Insurance						
Unemployment	-	-	-	-	-	-
Liability	6,762,000.00	6,762,000.00	6,160,370.68	601,629.32	-	0.00
Workers Compensation	4,138,000.00	4,138,000.00	4,126,500.00	11,500.00	-	-
Employee Group	30,371,000.00	30,071,000.00	25,141,498.69	358,122.21	4,571,379.10	-
Health Waiver - Employee Opt Out	-	-	-	-	-	-
Financial Incentive Program - Health	7,250.00	7,250.00	7,250.00	-	-	-
Social Services Agencies	8,000.00	8,000.00	-	-	8,000.00	-
Municipal Court						
Salaries and Wages	1,068,063.00	1,068,063.00	938,753.61	-	129,309.39	-
Other Expenses	56,535.00	56,535.00	48,725.36	5,330.07	2,479.57	-
Assessor						
Salaries and Wages	310,838.00	310,838.00	197,014.71	-	113,823.29	-
Other Expenses	389,480.00	389,480.00	174,943.46	7,802.25	206,734.29	-
MIS						
Salaries and Wages	195,761.00	195,761.00	128,245.43	-	67,515.57	-
Other Expenses	1,518,500.00	1,478,500.00	1,182,553.15	108,292.67	187,654.18	-

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF HUMAN RESOURCES						
Director's Office						
Salaries and Wages	90,000.00	90,000.00	89,999.04	-	0.96	-
Other Expenses	113,050.00	113,050.00	73,909.35	20,009.44	19,131.21	-
Personnel Division						
Salaries and Wages	382,261.00	379,261.00	337,904.79	-	41,356.21	-
Health Division						
Salaries and Wages	31,190.00	34,190.00	32,492.06	-	1,697.94	-
DEPARTMENT OF PLANNING AND DEVELOPMENT						
Director's Office						
Salaries and Wages	201,653.00	201,653.00	125,018.65	-	76,634.35	-
Other Expenses	31,470.00	31,470.00	22,305.87	-	9,164.13	-
Planning Division						
Salaries and Wages	177,631.00	177,631.00	138,457.42	-	39,173.58	-
Other Expenses	136,905.00	136,905.00	81,240.94	19,722.91	35,941.15	-
Zoning Board						
Other Expenses	14,000.00	14,000.00	11,000.00	2,000.00	1,000.00	-
City Engineer						
Salaries and Wages	474,041.00	434,041.00	413,247.83	-	20,793.17	-
Other Expenses	639,068.00	679,068.00	432,881.75	140,366.54	105,819.71	-
Economic Development - CDBG						
Salaries and Wages	100,000.00	100,000.00	62,693.00	-	37,307.00	-
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	219,074.00	222,074.00	221,226.24	-	847.76	-
Other Expenses	110,500.00	95,250.00	13,321.91	75,443.57	6,484.52	-
Comptroller's Office						
Salaries and Wages	582,108.00	582,108.00	573,597.64	-	8,510.36	-
Other Expenses	202,625.00	242,625.00	53,679.13	65,002.02	123,943.85	-
Tax Collector's Office						
Salaries and Wages	439,514.00	439,514.00	329,143.52	-	110,370.48	-
Other Expenses	96,100.00	96,100.00	52,239.11	7,747.48	36,113.41	-
Audit Services						
Other Expenses	125,000.00	125,000.00	87,000.00	38,000.00	-	-
Purchasing						
Salaries and Wages	206,916.00	222,166.00	218,830.77	-	3,335.23	-
Other Expenses	24,015.00	21,015.00	13,538.80	4,029.19	3,447.01	-
Finance Division						
Salaries and Wages	146,761.00	146,761.00	140,585.10	-	6,175.90	-
Other Expenses	555.00	555.00	100.97	-	454.03	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC SAFETY						
Communications						
Salaries and Wages	1,945,734.00	1,945,734.00	1,701,075.26	-	244,658.74	-
Other Expenses	427,595.00	427,595.00	102,674.49	36,651.54	288,268.97	-
Police						
Salaries and Wages	27,345,436.00	27,345,436.00	26,608,447.03	-	736,888.97	-
Other Expenses	1,528,869.00	1,528,869.00	1,164,022.82	332,725.82	32,120.36	-
Police Civilian Division						
Salaries and Wages	3,315,414.00	3,315,414.00	2,666,547.07	-	648,866.93	-
Other Expenses	5,140.00	5,140.00	4,077.45	108.54	954.01	-
Emergency Services						
Salaries and Wages	1,943,053.00	1,922,053.00	1,814,759.67	-	107,293.33	-
Other Expenses	254,440.00	275,440.00	186,539.72	58,459.31	30,440.97	-
Fire						
Salaries and Wages	17,709,943.00	17,709,943.00	17,104,642.25	-	605,300.75	-
Other Expenses	86,610.00	86,610.00	45,920.56	38,163.77	2,525.67	-
Fire Civilian						
Salaries and Wages	156,881.00	156,881.00	156,879.84	-	1.16	-
Uniform Fire Safety Act						
Salaries and Wages	699,700.00	699,700.00	523,012.10	-	176,687.90	-
Other Expenses	2,208.00	2,208.00	1,286.85	684.75	236.40	-
DEPARTMENT OF PUBLIC WORKS						
Director's Office						
Salaries and Wages	557,604.00	522,604.00	516,970.75	-	5,633.25	-
Other Expenses	1,678,914.00	1,678,914.00	556,315.95	987,782.86	134,815.19	-
Electrical Bureau						
Salaries and Wages	322,821.00	322,821.00	225,176.58	-	97,644.42	-
Other Expenses	24,645.00	24,645.00	11,285.58	12,420.03	939.39	-
Parks						
Salaries and Wages	501,009.00	501,009.00	378,895.74	-	122,113.26	-
Other Expenses	4,000.00	4,000.00	3,483.45	23.72	492.83	-
Beach and Boardwalk						
Salaries and Wages	779,113.00	789,113.00	749,786.58	-	39,326.42	-
Other Expenses	13,345.00	13,345.00	9,809.20	3,483.91	51.89	-
Sanitation						
Salaries and Wages	533,988.00	568,988.00	523,927.26	-	45,060.74	-
Other Expenses	3,517,630.00	3,767,630.00	3,249,782.43	454,273.24	63,574.33	-
Asphalt Plant/Street Repairs						
Salaries and Wages	700,735.00	700,735.00	513,007.29	-	187,727.71	-
Other Expenses	44,550.00	44,550.00	32,038.74	12,081.63	429.63	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Paint and Sign Shop						
Salaries and Wages	118,967.00	128,967.00	119,867.05	-	9,099.95	-
Other Expenses	21,790.00	21,790.00	6,526.19	6,940.56	8,323.25	-
Building Maintenance Division						
Salaries and Wages	1,165,323.00	1,145,323.00	997,007.82	-	148,315.18	-
Other Expenses	21,910.00	21,910.00	18,503.59	1,692.58	1,713.83	-
Community Services Act						
Other Expenses	600,000.00	600,000.00	392,462.98	21,118.68	186,418.34	-
Vehicle Maintenance						
Other Expenses	2,098,314.00	2,148,314.00	1,933,879.45	174,018.40	40,416.15	-
Facilities						
Salaries and Wages	509,283.00	509,283.00	437,734.63	-	71,548.37	-
Other Expenses	20,435.00	20,435.00	17,925.32	1,636.28	873.40	-
Gardner's Basin						
Salaries and Wages	-	20,000.00	11,378.02	-	8,621.98	-
Other Expenses	-	80,000.00	660.00	7,437.32	71,902.68	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Director's Office						
Other Expenses	990,647.00	1,020,647.00	904,124.83	89,655.17	26,867.00	-
Health Administration						
Salaries and Wages	591,954.00	631,954.00	589,324.62	-	42,629.38	-
Other Expenses	18,150.00	18,150.00	11,353.48	1,614.84	5,181.68	-
Social Services - Parking						
Salaries and Wages	295,975.00	255,975.00	232,235.20	-	23,739.80	-
Other Expenses	13,900.00	13,900.00	4,796.00	-	9,104.00	-
Recreational and Cultural Affairs						
Salaries and Wages	1,036,242.00	1,036,242.00	807,282.48	-	228,959.52	-
Other Expenses	31,195.00	31,195.00	17,762.85	2,150.17	11,281.98	-
Animal Control Expense						
Other Expenses	43,200.00	43,200.00	43,200.00	-	-	-
DEPARTMENT OF LICENSES AND INSPECTIONS						
Director's Office						
Salaries and Wages	233,476.00	223,476.00	216,440.64	-	7,035.36	-
Other Expenses	21,065.00	21,065.00	20,381.53	663.72	19.75	-
Inspections						
Salaries and Wages	749,124.00	749,124.00	740,663.93	-	8,460.07	-
Other Expenses	226,000.00	231,000.00	102,570.85	93,868.93	34,560.22	-
Regulatory Division						
Salaries and Wages	462,399.00	462,399.00	386,574.92	-	75,824.08	-
Other Expenses	9,800.00	9,800.00	8,001.01	581.16	1,217.83	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
CITY COUNCIL						
Salaries and Wages	306,436.00	306,436.00	306,435.85	-	0.15	-
Other Expenses	8,945.00	8,945.00	995.83	1,967.74	5,981.43	-
CITY CLERK						
Salaries and Wages	273,509.00	273,509.00	260,611.54	-	12,897.46	-
Other Expenses	115,640.00	115,640.00	92,821.15	9,808.95	13,009.90	-
UNIFORM CONSTRUCTION CODE						
Salaries and Wages	1,567,116.00	1,532,116.00	1,494,240.86	-	37,875.14	-
Other Expenses	8,320.00	8,320.00	5,160.38	1,527.94	1,631.68	-
UNCLASSIFIED						
Gas	500,000.00	500,000.00	283,826.77	-	216,173.23	-
Street Lighting	1,850,000.00	1,850,000.00	1,592,827.40	-	257,172.60	-
Electricity	1,498,000.00	1,498,000.00	1,192,551.01	4,113.04	301,335.95	-
Telephone	850,000.00	850,000.00	808,648.11	846.83	40,505.06	-
Sewer	210,000.00	210,000.00	207,252.30	-	2,747.70	-
Gasoline	750,000.00	750,000.00	524,281.51	25,369.69	200,348.80	-
City Water Usage	300,000.00	400,000.00	355,286.54	-	44,733.46	-
Codification of Ordinances	-	-	-	-	-	-
Terminal Leave Payments	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Reserve for Tax Appeals	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Add'l Library Appropriation	720,029.64	720,029.64	720,029.64	-	-	-
Refund of Overpayments	-	-	-	-	-	-
Interest to State for Deferred Payments	-	-	-	-	-	-
TOTAL OPERATIONS WITHIN "CAPS"	136,870,142.64	136,970,142.64	120,640,389.72	4,257,913.37	12,071,839.55	0.00
Contingent	100,000.00	100,000.00	-	-	100,000.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	136,970,142.64	137,070,142.64	120,640,389.72	4,257,913.37	12,171,839.55	0.00
Detail:						
Salaries and Wages	71,118,209.00	71,050,459.00	66,512,950.24	-	4,537,508.76	-
Other Expenses	65,851,933.64	66,019,683.64	54,127,439.48	4,257,913.37	7,634,330.79	0.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Operating Deficit	1,230,740.00	1,230,740.00	1,230,740.00	-	-	-
Prior Years	105,257.35	105,257.35	105,257.35	-	-	-
FEMA Deobligation						

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	3,125,842.00	3,125,842.00	3,125,841.61	-	-
Social Security System (O.A.S.I.)	2,350,000.00	2,350,000.00	2,285,182.99	-	-
Consolidated Police and Firemen's Pension Fund					
Police and Firemen's Retirement System	14,954,171.00	14,954,171.00	14,954,170.98	-	-
Defined Contribution Retirement Program	40,000.00	40,000.00	29,958.26	-	-
Lifeguard Pension	1,230,000.00	1,230,000.00	1,082,414.12	-	-
Pension Increase Act - CPF	28,061.40	28,061.40	28,061.40	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	23,084,071.75	23,084,071.75	22,841,626.72	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	160,034,214.39	160,134,214.39	143,482,016.44	4,257,913.37	0.00
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"	933,089.36	933,089.36	933,089.36	-	-
Maintenance of Library					
Interlocal Service Agreement - CRDA Class 2's					
	933,089.36	933,089.36	933,089.36	-	-
(A) Public and Private Programs Off-Set by Revenues					
FEMA - Flood Mitigation		1,758,929.98	1,758,929.98	-	-
Clean Communities		79,955.09	79,955.09	-	-
Federal Body Armor		24,042.50	24,042.50	-	-
Recycling Tonnage Grant	124,491.37	124,491.37	124,491.37	-	-
Drunk Driving Enforcement Fund	78,846.79	78,846.79	78,846.79	-	-
CRDA Class 2 Officers	1,500,000.00	1,500,000.00	1,500,000.00	-	-
Law Enforcement Block Grant Interest	8.41	8.41	8.41	-	-
NJ DOT CMAC AC Traffic Sync	200,000.00	200,000.00	200,000.00	-	-
NJ DOT Main Ave. Parking Enhancement	567,330.00	567,330.00	567,330.00	-	-
NJ DOT Ohio Ave. Bridge Replacement	2,000,000.00	2,000,000.00	2,000,000.00	-	-
NJ DOT Chelsea Albany Ave	100,000.00	100,000.00	100,000.00	-	-
NJ DOT Atlantic Ave Morris to Rhode Island	1,200,000.00	1,200,000.00	1,200,000.00	-	-
Click It or Ticket	5,500.00	5,500.00	5,500.00	-	-
COPS in Shops	6,160.00	6,160.00	6,160.00	-	-
Childhood Poisoning Prevention Project	58,431.00	58,431.00	58,431.00	-	-
Alliance on Alcoholism and Drugs	30,059.00	30,059.00	30,059.00	-	-
Alliance on Alcoholism and Drugs - Match	7,515.00	7,515.00	7,515.00	-	-
CDBG Disaster Recovery Inlet Seawall	60,955.24	60,955.24	60,955.24	-	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
SJ Gas First Responders		2,500.00	2,500.00		-	-
NJ EDA - Innovation Planning Challenge		100,000.00	100,000.00		-	-
FEMA Assistance to Firefighters		771,818.00	771,818.00		-	-
FEMA Assistance to Firefighters - Match		-	-		-	-
NJDEP - Caspian Ave & Garnder's Basin		3,672,000.00	3,672,000.00		-	-
NJ Homeland Security Physical Barrier		175,000.00	175,000.00		-	-
Matching Funds	373,000.00	373,000.00	350,182.00		22,818.00	-
Total Public and Private Programs Off-Set by Revenues						
	6,312,296.81	12,896,542.38	12,873,724.38	-	22,818.00	-
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	1,511,660.00	1,511,660.00	1,511,660.00	-	-	-
Other Expenses	5,733,726.17	12,317,971.74	12,295,153.74	-	22,818.00	-
(C) Capital Improvements						
Capital Improvement Fund	200,000.00	200,000.00	200,000.00	-	-	-
Sea Wall Caspian Point	3,053,265.80	3,053,265.80	1,684,120.00	1,300,000.00	69,145.80	-
Police Radios	2,500,000.00	2,500,000.00	2,497,460.98	2,500.00	39.02	-
Total Capital Improvements	5,753,265.80	5,753,265.80	4,381,580.98	1,302,500.00	69,184.82	-
(D) Debt Service						
Payment of Bond Principal	17,545,000.00	17,545,000.00	17,545,000.00		-	-
Payment of Bond Anticipation Notes		-			-	-
Interest on Bonds	16,729,286.66	16,729,286.66	16,729,059.09	227.56	-	0.01
Interest on Notes		-			-	-
Total Debt Service	34,274,286.66	34,274,286.66	34,274,059.09	227.56	-	0.01
(E) Deferred Charges						
Deferred Charges Unfunded:						
Ord. 07-2017	6,801,280.57	6,801,280.57	6,801,280.57		-	-
Ord. 20-2017	7,011,670.86	7,011,670.86	7,011,670.86		-	-
Total Deferred Charges	13,812,951.43	13,812,951.43	13,812,951.43	-	-	-

The accompanying Notes to Financial Statements are an integral part of this statement

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended		(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Unexpended Balance Cancelled
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	61,085,890.06	67,670,135.63	66,275,405.24	1,302,727.56	0.01
SUBTOTAL GENERAL APPROPRIATIONS	221,120,104.45	227,804,350.02	209,757,421.68	5,560,640.93	0.01
(M) Reserve for Uncollected Taxes	5,968,035.94	5,968,035.94	5,968,035.94		-
TOTAL GENERAL APPROPRIATIONS	\$ 227,088,140.39	233,772,385.96	215,725,457.62	5,560,640.93	0.01
Budget		227,088,140.39			
Appropriations by 40A:4-87		6,584,245.57			0.01
Emergency Appropriations		100,000.00			-
		233,772,385.96			0.01
Reserve for Uncollected Taxes			5,968,035.94		
Federal and State Grants			12,873,724.38		
Capital Improvement Fund			200,000.00		
Qualified Bond Act			14,027,593.75		
Reserve for Tax Appeals			1,000,000.00		
Deferred Charges to Future Taxation Unfunded			13,812,951.43		
Deferred Charges - Deficit in Operations			1,230,740.00		
Disbursements			166,612,412.12		
			215,725,457.62		
				Cancelled Overexpended	0.01

The accompanying Notes to Financial Statements are an integral part of this statement

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EXHIBIT B - TRUST FUND

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TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Dog License Fund:			
Cash	\$	3,048.60	1,683.00
		<u>3,048.60</u>	<u>1,683.00</u>
Community Development Block Grant:			
Cash		808,570.33	64,184.30
CDBG Receivable		2,260,320.27	1,584,277.37
HOME Receivable		1,477,845.66	899,347.66
Loans Receivable		566,833.23	583,216.51
Deferred Loan		5,256,737.58	5,256,737.58
		<u>10,370,307.07</u>	<u>8,387,763.42</u>
Other Funds:			
Cash - Treasurer		8,148,419.75	9,228,517.38
Cash - Collector		3,308,817.03	3,717,847.15
Police Detail Receivable		290,268.06	88,682.56
Due from Current Fund		12,021,166.55	12,634,459.00
		<u>23,768,671.39</u>	<u>25,669,506.09</u>
		<u>34,142,027.06</u>	<u>34,058,952.51</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Dog License Fund:			
Due to Current Fund		1,243.10	468.00
Reserve for Dog Fund Expenditures		1,805.50	1,215.00
		<u>3,048.60</u>	<u>1,683.00</u>
Community Development Block Grant:			
Reserve for Community Development Block Grant - Appropriated		3,607,933.15	2,368,316.05
Reserve for Loans Receivable		5,823,570.81	5,839,954.09
Reserve for Neighborhood Preservation		10,849.35	10,849.35
Due to Current Fund		927,953.76	168,643.93
		<u>10,370,307.07</u>	<u>8,387,763.42</u>
Other Funds:			
Deposits for Redemption of Tax Sale Certificates		1,568,017.03	452,547.15
Premiums on Tax Sale Deposits		1,740,800.00	3,265,300.00
Overpaid Special Detail Services		41,905.10	144,068.68
Due to Federal and State Grant Fund		756.09	756.09
Miscellaneous Reserves		20,417,193.17	21,806,834.17
		<u>23,768,671.39</u>	<u>25,669,506.09</u>
Total	\$	<u>34,142,027.06</u>	<u>34,058,952.51</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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EXHIBIT C - CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>			
Cash	\$	12,286,046.00	13,751,768.83
Deferred Charges to Future Taxation -			
Funded		376,229,000.00	344,609,000.00
Unfunded		480,000.00	14,292,951.43
Interfunds and Receivables			
Due from State of New Jersey		270,000.00	270,000.00
		<u>389,265,046.00</u>	<u>372,923,720.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable		2,315,182.78	1,487,156.92
Bond Anticipation Notes Payable		-	-
Serial Bonds Payable		78,579,000.00	37,864,000.00
Tax Appeal Refunding Bonds		297,650,000.00	306,745,000.00
Improvement Authorizations:			
Funded		6,001,260.35	7,899,798.96
Unfunded		84,789.92	480,000.00
Reserve for Payment of Bonds		-	-
Capital Improvement Fund		1,311,292.97	1,111,292.97
Fund Balance		3,323,519.98	17,336,471.41
	\$	<u>389,265,046.00</u>	<u>372,923,720.26</u>

There were bonds and notes authorized but not issued at December 31

2017	14,292,951.43
2018	480,000.00

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 17,336,471.41	3,461,141.86
Increased by:		
Premiums on sale of Bonds & Notes		13,875,329.55
Canceled Improvement Authorizations	-	
Decreased by:		
Transfer to Current Fund	14,012,951.43	
Transfer to Improvement Authorizations		
Ending Balance December 31	\$ <u>3,323,519.98</u>	<u>17,336,471.41</u>

EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP

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**STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
General Fixed Assets:		
Land	\$ 622,642,682.64	622,642,682.64
Land Improvements	10,295,441.92	10,295,441.92
Buildings	65,427,473.23	65,427,473.23
Machinery and Equipment	30,296,756.58	28,635,498.23
Vehicles	<u>26,148,799.09</u>	<u>26,018,202.98</u>
	<u>754,811,153.46</u>	<u>753,019,299.00</u>
Investment in General Fixed Assets	<u>\$ 754,811,153.46</u>	<u>753,019,299.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Atlantic City is a resort community in the County of Atlantic, State of New Jersey. The City covers an area of approximately 12 square miles with a population according to the 2010 census of 39,558. The City operates under a Mayor and Council form of government with the Mayor being the chief executive officer of the City and directly elected by the voters. The City Council is the law making body and passes all resolutions and ordinances. The City also employs a City Administrator who is responsible for the day to day operations of the City. Except as noted below, the financial statements of the City of Atlantic City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Atlantic City, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. If the City reported under GAAP, the Atlantic City Municipal Utility Authority, 401 N. Virginia Avenue, Atlantic City and the Atlantic City Public Library, 1600 Atlantic Ave, Atlantic City would be considered component units. Complete financial statements for the component units may be obtained at the entity's administrative offices.

B. Description of Funds

The accounting policies of the City of Atlantic City conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Atlantic City accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow. A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

General Fixed Assets -- The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land is foreclosed or donated. Land purchased by the City is valued at cost.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time that construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have been accounted for separately.

The following schedule is a summarization of the changes in general fixed assets for the most recent calendar year ended December 31, 2018 and 2017:

	Balance as of 12/31/16	Additions	Disposals	Balance as of 12/31/17
Land	\$ 622,642,683			622,642,683
Land Improvements	9,746,440	549,002		10,295,442
Buildings	65,094,809	332,664		65,427,473
Machinery and Equipment	27,970,413	665,086		28,635,499
Vehicles	25,728,126	290,076		26,018,202
	<u>\$ 751,182,471</u>	<u>1,836,828</u>	<u>-</u>	<u>753,019,299</u>

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	Balance as of 12/31/17	Additions	Disposals	Balance as of 12/31/18
Land	\$ 622,642,683			622,642,683
Land Improvements	10,295,442			10,295,442
Buildings	65,427,473			65,427,473
Machinery and Equipment	28,635,499	1,661,258		30,296,757
Vehicles	26,018,202	130,596		26,148,798
	<u>\$ 753,019,299</u>	<u>1,791,854</u>	<u>-</u>	<u>754,811,153</u>

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district, or county.

Capitalization of Interest -- It is the policy of the City of Atlantic City to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Not Yet Effective

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Borough's financial reporting.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Borough's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Borough's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have any effect on the Borough's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Borough's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Borough's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$5,968,036 and \$2,206,307. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$0 and \$0.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2018 and 2017 calendar years:

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
Insurance		
Employee Group	(300,000)	
MIS		
Other Expenses	(40,000)	
City Engineer		
Salaries and Wages	(40,000)	
Other Expenses	40,000	
Comptroller's Office		
Other Expenses	40,000	
Police		
Salaries and Wages		(45,000)
Emergency Services		
Salaries and Wages	(21,000)	(166,000)
Other Expenses	21,000	
Fire		
Salaries and Wages		345,000
Uniform Fire Safety Act		
Salaries and Wages		(140,000)
Director of Public Works		
Salaries and Wages	(35,000)	(40,000)
Other Expenses		200,000
Electrical Bureau		
Salaries and Wages		(30,000)
Parks		
Salaries and Wages		(40,000)
Sanitation		
Salaries and Wages	35,000	(75,000)
Other Expenses	250,000	160,000
Asphalt Plant/Street Repairs		
Salaries and Wages		(50,000)
Vehicle Maintenance		
Other Expenses	50,000	
Facilities		
Salaries and Wages		(20,000)
Gardner's Basin		
Other Expenses	80,000	
Director of Health and Human Services		
Other Expenses	30,000	230,000
Health Administration		
Salaries and Wages	40,000	(30,000)

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Social Services		
Salaries and Wages	(40,000)	(150,000)
Other Expenses		(25,000)
Recreational and Cultural Affair		
Salaries and Wages		(110,000)
Clinical Services		(25,000)
Uniform Construction Code		
Salaries and Wages	(35,000)	
Electricity	(100,000)	(25,000)
City Water Usage	100,000	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018, the following budget insertions were approved:

FEMA - Flood Mitigation	\$ 1,758,929.98
Clean Communities	79,955.09
Federal Body Armor	24,042.50
SJ Gas First Responders	2,500.00
NJ EDA - Innovation Planning Challenge	100,000.00
FEMA Assistance to Firefighters	771,818.00
NJDEP - Caspian Ave & Gardner's Basin	3,672,000.00
NJ Homeland Security Physical Barrier	175,000.00

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

Note 3: INVESTMENTS

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the City may invest in any one issuer.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018 and 2017, \$0 and \$0 of the municipality's bank balance of \$103,031,867.91 and \$108,170,070.64, respectively were exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

	Balance Beginning 12/31/2016	Additions	Reductions	Balance Ending 12/31/2017	Due in One Year
General	\$ 223,646,000.00	138,125,000.00	17,162,000.00	344,609,000.00	17,545,000.00
Comp Absences	23,952,221.19	2,341,291.67	10,550,355.10	15,743,157.76	
Total	<u>\$ 247,598,221.19</u>	<u>140,466,291.67</u>	<u>27,712,355.10</u>	<u>360,352,157.76</u>	<u>17,545,000.00</u>

	Balance Beginning 12/31/2017	Additions	Reductions	Balance Ending 12/31/2018	Due in One Year
General	\$ 344,609,000.00	49,165,000.00	17,545,000.00	376,229,000.00	18,890,000.00
Comp Absences	15,743,157.76	2,600,465.80	10,469,772.15	7,873,851.41	
Total	<u>\$ 360,352,157.76</u>	<u>51,765,465.80</u>	<u>28,014,772.15</u>	<u>384,102,851.41</u>	<u>18,890,000.00</u>

CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Paid by Current Fund:

\$26,500,000 General obligation bonds dated 2/15/08 with principal payments starting 2/15/09 and ending 2/15/18. \$3,000,000 of principal was paid on 2/15/16. Semiannual interest payments began 2/15/09 with annual rates of 2.25% to 5.5%. The balance remaining as of December 31, 2018 was \$0.

\$16,354,000 General Improvement bonds dated 2/1/11 with principal payments starting 2/1/12 and ending 2/1/22. \$1,600,000 of principal was paid on 2/1/16. Semiannual interest payments began 8/1/11 with annual rates of 3.0% to 5.00%. The balance remaining as of December 31, 2018 was \$6,399,000.

\$5,450,000 Pension refunding bonds dated 4/1/12 with principal payments starting 4/1/13 and ending 4/1/21. \$585,000.00 of principal was paid on 4/1/16. Semiannual interest payments began 4/1/13 with annual rates of 2.314% to 4.756%. The balance remaining as of December 31, 2018 was \$2,060,000. \$5,450,000 of the pension refunding bonds replaced \$5,325,035 of State of New Jersey PERS ERI Program debt. The net present value savings exceeded \$421,000.

\$93,000,000 Tax appeal refunding bonds dated 12/5/12 with principal payments starting 11/1/13 and ending 11/1/32. \$7,565,000.00 of principal was paid on 11/1/16. Semiannual interest payments began 5/1/13 with annual rates of 1.388% to 5.00%. The balance remaining as of December 31, 2018 was \$73,800,000. \$2,620,000 of this issue was taxable for federal and state income taxes based on the purpose of the bond ordinance and in the opinion of Bond Council.

\$48,976,000 Tax appeal refunding bonds dated 12/5/13 with principal payments starting 12/1/17 and ending 12/1/33. Semiannual interest payments began 6/1/14 with annual rates of 3.00% to 5.00%. The balance remaining as of December 31, 2018 was \$47,465,000.

\$13,901,000 General Obligation bonds dated 12/5/13 with principal payments starting 12/1/14 and ending 12/1/28. \$790,000.00 of principal was paid on 12/1/16. Semiannual interest payments began 6/1/14 with annual rates of 3.00% to 5.00%. The balance remaining as of December 31, 2018 was \$10,230,000.

\$7,710,000 General obligation refunding bonds dated 1/15/14 with principal payments starting 7/15/14 and ending 1/15/18. \$2,020,000.00 of principal was paid on 1/15/16. Semiannual interest payments began 7/15/14 with annual rates of 2.09%. The balance remaining as of December 31, 2018 was \$0. \$3,960,000 of the refunding bonds replaced \$7,480,000 of the series 2005 General obligation refunding bonds.

\$41,760,000 Tax appeal refunding bonds dated 5/21/15 with principal payments starting 3/1/20 and ending 3/1/40. Semiannual interest payments will begin in 2016 with annual rates of 7.00% to 7.50%. The balance remaining as of December 31, 2018 was \$41,760,000.

CITY OF ATLANTIC CITY
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\$12,000,000 General obligation bonds dated 5/28/15 with principal payments starting 3/1/16 and ending 3/1/30. \$425,000.00 of principal was paid on 3/1/16. Semiannual interest payments will begin in 2016 with annual rates of 6.00%. The balance remaining as of December 31, 2018 was \$10,725,000.

\$69,800,000 Tax appeal refunding bonds dated 5/24/2017 with principal payments starting 3/1/20 and ending 3/1/42. Semiannual interest payments will begin in 2017 with annual rates of 5.00%. The balance remaining as of December 31, 2018 was \$69,800,000.

\$68,325,000 Tax appeal refunding bonds dated 9/20/2017 with principal payments starting 9/1/18 and ending 3/1/42. Semiannual interest payments will begin in 2017 with annual rates of 5.00%. The balance remaining as of December 31, 2018 was \$64,825,000.

\$49,165,000 General Obligation bonds dated 4/4/2018 with principal payments starting 9/1/21 and ending 9/1/26. Semiannual interest payments will begin in 2021 with annual rates of 3.66% to 4.29%. The balance remaining as of December 31, 2018 was \$49,165,000.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	General Capital Principal	Total Interest	Total
2019	18,890,000.00	16,408,705.38	35,298,705.38
2020	19,485,000.00	17,406,490.26	36,891,490.26
2021	21,910,000.00	16,415,339.36	38,325,339.36
2022	25,744,000.00	15,357,237.76	41,101,237.76
2023	26,010,000.00	14,178,425.56	40,188,425.56
2024-2028	105,235,000.00	53,685,253.96	158,920,253.96
2029-2033	63,880,000.00	34,243,318.75	98,123,318.75
2034-2038	53,065,000.00	18,789,562.50	71,854,562.50
2039-2042	42,010,000.00	3,761,062.50	45,771,062.50
	<u>\$ 376,229,000.00</u>	<u>190,245,396.03</u>	<u>566,474,396.03</u>

As of December 31, 2018, the carrying value of the above bonds approximates the fair value of the bonds.

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CITY OF ATLANTIC CITY
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<u>Summary of Municipal Debt</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General:			
Bonds & Notes Issued	\$376,229,000.00	344,609,000.00	223,646,000.00
Notes/Loans	-	-	-
Less: Funds Temporarily Held to Pay			
Bonds and Notes	-	-	-
Net Debt Issued	<u>376,229,000.00</u>	<u>344,609,000.00</u>	<u>223,646,000.00</u>

<u>Authorized but not issued:</u>			
General:			
Bonds and notes	<u>480,000.00</u>	<u>14,292,951.43</u>	<u>480,000.00</u>
Bonds & Notes Authorized But Not Issued	<u>480,000.00</u>	<u>14,292,951.43</u>	<u>480,000.00</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$376,709,000.00</u>	<u>358,901,951.43</u>	<u>224,126,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 9.428%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 64,835,000.00	64,835,000.00	-
General Debt	376,709,000.00	-	376,709,000.00
	<u>\$ 441,544,000.00</u>	<u>64,835,000.00</u>	<u>376,709,000.00</u>

Net Debt \$376,709,000/ Equalized Valuation Basis per NJSA 40A:2-2 as amended, \$3,995,693,264.33 = 9.428%

The foregoing information is in agreement with the Annual Debt Statement filed with the Division of Local Government Services.

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Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 139,849,264.25
Net Debt	376,709,000.00
Remaining Borrowing Power	<u>\$ (236,859,735.75)</u>

The City of Atlantic City School District, as a K-12 school district, is permitted to borrow up to 4% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amounts approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 6: SHORT-TERM OBLIGATIONS

There were no short term obligations during the 2018 year. The City had no outstanding short term obligations as of December 31, 2018 and 2017.

Note 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$0	\$0

Note 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2018</u>	<u>2019 Budget Appropriation</u>	<u>Refunding Bonds to be Issued 2019</u>	<u>Balance to Succeeding</u>
Current fund:				
Emergency Authorization	\$ 100,000.00			100,000.00
Deficit in Operations	6,153,702.24	1,230,740.00	-	4,922,962.24
	<u>\$ 6,253,702.24</u>	<u>1,230,740.00</u>	<u>-</u>	<u>5,022,962.24</u>

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The 2019 budget has been adopted. The City is currently under the supervision of a State Monitor, and the amounts required to be appropriated for the Deficit in Operations and will be determined by the State prior to the budget being adopted.

The appropriations in the 2019 Budget are not less than that required by statute and State agreement.

Note 9: SCHOOL TAXES

Local District School Tax in the amount of \$43,014,887 has been raised for the 2018 calendar year and \$46,362,730.11 remitted to the school district leaving a \$0 balance payable. Since the school district operates on a July 1 to June 30 fiscal year the school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Note 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance 12/31/18</u>	<u>Balance 12/31/17</u>
Prepaid Taxes	\$ 1,060,278.04	2,634,154.11
Cash Liability for Taxes Collected in Advance	<u>\$ 1,060,278.04</u>	<u>2,634,154.11</u>

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

CITY OF ATLANTIC CITY
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Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Police and Fireman's Retirement System

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA43:15C-1 et seq). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.34% through June 30, 2018 and 7.50% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 7.27% of covered payroll and for PFRS a rate of 10.0% of covered payroll. The City's contributions to PERS for the years ending December 31, 2018, 2017 and 2016 were \$3,125,841.61, \$3,630,016.37 and \$4,363,864.74 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2018, 2017 and 2016 were \$14,954,170.99, \$14,264,282.96 and \$15,605,749.52 respectively, equal to the required contributions for each year. The City received permission from the State Division of Local Government Services to defer the 2015 payments due for the pensions. The amounts have been accrued as payables on the balance sheet as of December 31, 2018 in the amount of \$0. For the year 2009 the City elected to defer 50% of the PERS and PFRS payments. The City started to budget the deferred amount in 2012 for 5 years, in addition to 8.5% interest.

**CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
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Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation

CITY OF ATLANTIC CITY
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for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as $1/7^{\text{th}}$ of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as of June 30, 2018:

Public Employees' Retirement System

The Municipality has a liability of \$51,065,146 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Municipality's proportion would be 0.25935215250%, which would be a decrease of 18.20% from its proportion measured as of June 30, 2017.

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For the year ended December 31, 2018, the Municipality would have recognized pension expense of (\$4,562,806). At December 31, 2018, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 973,820	263,308
Changes of assumptions	8,414,690	16,327,918
Changes in proportion	1,009,339	28,057,266
Net difference between projected and actual earnings on pension plan investments		478,993
Total	<u>\$ 10,397,849</u>	<u>45,127,485</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 1,401,318
2020	(2,401,649)
2021	(15,404,055)
2022	(13,800,988)
2023	(4,524,264)
Total	<u>\$ (34,729,638)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CITY OF ATLANTIC CITY
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Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.66%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Municipality's proportionate share of the net pension liability	\$ 61,393,222	\$ 51,065,146	\$42,405,757

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The Municipality has a liability of \$171,582,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Municipality's proportion would be 1.26799732190%, which would be a decrease of 20.39% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of (\$2,090,616). At December 31, 2018, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 1,745,612	710,042
Changes of assumptions	14,727,915	43,973,233
Changes in proportion	978,566	60,138,853
Net difference between projected and actual earnings on pension plan investments		938,703
Total	<u>\$ 17,452,093</u>	<u>105,760,831</u>

CITY OF ATLANTIC CITY
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Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2018	\$ 3,892,729
2019	(15,319,823)
2020	(41,425,868)
2021	(26,861,841)
2022	(8,593,935)
Total	<u>\$ (88,308,738)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal

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bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
District's proportionate share of the net pension liability	223,511,047.09	171,582,942.00	128,760,308.79

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2017 State special funding situation net pension liability amount of \$1,838,050,687.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2018 State special funding situation pension expense of \$217,714,180.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount.

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Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 1.26799732190% for 2018. The net pension liability amount allocated to the Municipality was \$23,306,433. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$2,760,610.00 is allocated to the Municipality.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

Note 13: PENSION PLAN FOR LIFEGUARDS

The City of Atlantic City has established a pension plan to provide retirement, disability and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary at the rate of 4.0% and contributed to the plan for his benefit. Retiree benefits are paid out of the current fund and charged to the current operating budget of the City. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his application.

Employee contributions to the pension fund were \$64,039.54 and \$70,126.10 and benefits paid to retirees was \$1,146,453.66 and \$1,135,757.60 for the years ended December 31, 2018 and 2017, respectively. The City has not established a separate trust fund for the accumulation of contributions and the payment of retiree benefits.

Note 14: POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees

**CITY OF ATLANTIC CITY
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must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding

CITY OF ATLANTIC CITY
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situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

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CITY OF ATLANTIC CITY
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June 30, 2018		
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 15,981,103,227	166,040,307
Plan Fiduciary Net Position	314,485,086	3,267,434
Net OPEB Liability	\$ 15,666,618,141	162,772,873
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.97%

At June 30, 2018 the City's proportionate share of the Collective Net OPEB Liability was \$162,772,873. The State's proportionate share for the Special Funding Situation that is associated with the City is \$136,234,067. The City's proportion of the Collective Net OPEB Liability was 1.038979% which was a decrease from the prior year of 0.45%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 2.192428% which was a decrease from the prior year of 7.40%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 162,772,873
State's proportionate share that is associated with the City	136,234,067
Total	\$ 299,006,940

For the Year ended June 30, 2018 the City's Total OPEB Expense was \$2,017,710 and the State of New Jersey realized Total OPEB Expense in the amount of \$4,123,964 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

CITY OF ATLANTIC CITY
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- Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

CITY OF ATLANTIC CITY
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	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Collective			
Net OPEB Liability \$	18,381,085,096 \$	15,666,618,141 \$	13,498,373,388
Proportionate Share			
Net OPEB Liability \$	190,975,615 \$	162,772,873 \$	140,245,265

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective			
Net OPEB Liability \$	13,068,471,450 \$	15,666,618,141 \$	19,029,006,023
Proportionate Share			
Net OPEB Liability \$	135,778,674 \$	162,772,873 \$	197,707,377

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$		\$ (3,180,882,321)	\$	\$ (33,048,699)
Changes of assumptions		(3,974,042,874)		(41,289,472)
Net difference between projected and actual earnings on OPEB plan investments	8,279,239		86,019	
Changes in proportion and differences between contributions and proportionate share of contributions	2,106,728,269	(2,106,728,269)	32,226	(26,253,187)
Total	\$ 2,115,007,508	\$ (9,261,653,464)	\$ 118,245	\$ (100,591,358)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

CITY OF ATLANTIC CITY
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Year ended June 30,	Collective Totals	Proportionate Share
2019	\$ (1,049,390,011)	\$ (14,753,142)
2020	(1,049,390,011)	(14,753,142)
2021	(1,049,390,011)	(14,753,142)
2022	(1,050,264,681)	(14,765,439)
2023	(1,051,678,489)	(14,785,315)
Thereafter	(1,896,532,753)	(26,662,934)
Total	\$ <u>(7,146,645,956)</u>	\$ <u>(100,473,113)</u>

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2018 are as follows:

Service cost	\$ 896,235,148
Interest on Total OPEB Liability	764,082,232
Expected Investment Return	(9,389,460)
Administrative Expenses	8,200,113
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Ex	(445,501,726)
Changes in Assumptions	(606,176,763)
Differences between Projected and Actual Investment	
Earnings on OPEB Plan Investments	2,288,478
Total Collective OPEB Expense	\$ <u>609,738,022</u>

CITY OF ATLANTIC CITY
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Schedule of City's Share of Net OPEB Liability

	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	1.038979%
City's Share of Net OPEB Liability	\$ 162,772,873
City's Covered Payroll	15,493,038
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	1050.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

Note 15: DEFERRED COMPENSATION

Employees of the City of Atlantic City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service For State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

CITY OF ATLANTIC CITY
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Note 16: LABOR CONTRACTS

As of December 31, 2018, the City's employees are organized in the following collective bargaining units. Contracts are continually being negotiated the following table shows their current status.

Contract	Category	Expiration	Covers
ACWCPA	White Collar	12/31/21	All employees except police, fire, craft and blue collar workers. Supervisors are also excluded.
PBA	Police	12/31/15	All uniformed police, detectives, and other special police units, excluding the chief, deputy chief, inspectors, captains, and all other employees of the City.
IAFF	Firefighters	12/31/14	All uniformed firefighters
IBEW #351	Construction Code Inspectors	12/31/14	All Construction Office inspectors.
GWU # 910	Supervisors	12/31/14	All supervisors
AFL-CIO #2303	Blue Collar	12/31/21	Blue collar workers
AFL-CIO # 2303C	Beach Patrol	12/31/12	All lifeguards, lieutenants and captains, but excludes chief, assistant chief, area chief, beach surgeon, medical assistant.
SOA	Superior Officers'	12/31/15	Police captains, excluding chief, deputy chief, inspectors, and all other employees of the City.

Note 17: ACCRUED SICK AND VACATION BENEFITS

The City has permitted full time employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2018 and 2017, the City estimates this liability to approximate \$7,752,979.38 and \$15,743,157.76, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City has established a reserve that as of December 31, 2018 and 2017 was \$7,245,215.60 and \$7,794,566.10, respectively.

**CITY OF ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 18: ECONOMIC DEPENDENCY

The City of Atlantic City is economically dependent on one industry as a major source of revenue for the City. The City receives approximately 33% of their revenue from the Casino industry.

Note 19: COMMITMENTS AND CONTINGENCIES

During the normal course of operations, lawsuits are frequently brought against the governmental unit. There are presently numerous suits pending against the City.

The City has not prepared an Incurred But Not Reported ("IBNR") report for the General Liability or Workers Compensation self funded insurance. The General Liability loss reserve calculated by the insurance consultant is approximately \$8,428,000. This Reserve is underfunded without including an IBNR calculation, by over \$7,333,000. Based on verification by the City's Insurance Broker and Solicitor the loss reserves include an adequate basis for estimating potential liabilities to the City at December 31, 2018. Also, estimates of payments to be made in 2018 were included in the City's 2018 budget. Additionally, the City has purchased an excess loss policy for any losses over \$500,000.

The Worker Compensation report, prepared by the City's other consultant, indicated current claims of over \$6,257,000. This Reserve is underfunded without including an IBNR calculation, by over \$2,064,000. Based on verification by the City's Insurance Broker and Solicitor the loss reserves include an adequate basis for estimating potential liabilities to the City at December 31, 2018. Also, estimates of payments to be made in 2019 will be included in the City's 2019 budget.

Note 20: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The City is self insured for property, liability some employee health plans and workers compensation. The City has commercial coverage for surety bonds and employee health insurance.

The self insurance has an excess policy for covered claims over \$500,000.

CITY OF ATLANTIC CITY
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The following is the activity for the years ended December 31,

	2018		2017	
	General Liability	Worker Compensation	General Liability	Worker Compensation
Beginning of Year:				
Unencumbered Reserve	\$ 4,077,436.18	5,817,578.77	2,963,393.37	4,911,690.42
Other	5,680.24	232,805.17	26,538.59	301,727.81
Funded by Budget Appropriation	4,853,158.92	4,000,000.00	4,942,518.00	4,780,450.00
	<u>8,936,275.34</u>	<u>10,050,383.94</u>	<u>7,932,449.96</u>	<u>9,993,868.23</u>
Paid	<u>7,841,337.84</u>	<u>5,857,098.68</u>	<u>3,855,013.78</u>	<u>4,176,289.46</u>
End of Year	<u>1,094,937.50</u>	<u>4,193,285.26</u>	<u>4,077,436.18</u>	<u>5,817,578.77</u>
Analysis of Balance				
Unencumbered Reserve	1,094,937.50	4,193,285.26	4,077,436.18	5,817,578.77
Encumbrances/Payables	<u>\$ 1,094,937.50</u>	<u>4,193,285.26</u>	<u>4,077,436.18</u>	<u>5,817,578.77</u>

Note 21: INTERFUND BALANCES

As of December 31, 2018, the following interfunds were included on the balance sheets of the various funds of the City of Atlantic City:

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CITY OF ATLANTIC CITY
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	<u>Due From</u>	<u>Due to</u>
Current Fund:		
CDBG Trust	\$ 927,953.76	
Grant Fund	2,053,785.16	
Trust Fund - Dog Fund	1,243.10	
Trust Funds - Other	644,257.50	12,665,424.05
Grant Fund:		
Current Fund		2,053,785.16
Trust Funds – Other	756.09	
Trust Fund:		
Current -		
Dog Fund		1,243.10
Other Trusts	12,021,166.55	
CDBG		927,953.76
Grant Fund -		
Other Trusts		756.09
	\$ <u>15,649,162.16</u>	<u>15,649,162.16</u>

The Grant Fund only maintains a bank account for specific grants. All other grant activity is transacted through Current Fund bank accounts. A number of the Trust Funds do not maintain bank accounts. Their activity is transacted through the Current Fund bank accounts. The CDBG interfund is due to a timing issue based on the drawdown of Federal funds.

Note 22: SUBSEQUENT EVENTS

The management of the City has been placed under the Local Finance Board (the “Board”) by the State of New Jersey under the authority of the Municipal Stabilization and Recovery Act (the “Act”.) Under the Act, the Board has the authority to, among other powers, renegotiate and/or break union contracts. As of the date of the audit report, the police and fire unions have filed lawsuits to block the contract changes proposed.

The ACWCPA (White Collar) and the AFL-CIO #2303 (Blue Collar) contracts were ratified in June 2019. The Supervisors and IBEW Union contracts are in negotiations as of the date of the audit.

The City has evaluated events through August 16, 2019, the date which the financial statements were available to be issued and no additional items, except as noted above, were noted for disclosure.

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SUPPLEMENTARY DATA

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Atlantic City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 16, 2019, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

The City of Atlantic City's response to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

August 16, 2019



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Atlantic City, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Atlantic City's compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* and the New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of the City of Atlantic City's major federal and state programs for the year ended December 31, 2018. The City of Atlantic City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Atlantic City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Atlantic City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Atlantic City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Atlantic City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of City of Atlantic City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Atlantic City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Atlantic City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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August 16, 2019

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 1

Federal or State Grantor/Pass-Through Grantor/Program Title							CFDA Number	Federal FAIN Number	State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures				(MEMO) Passed Through to Sub-Recipients	
														Pass Through	Source	Direct	Total	Adjustments	
FEDERAL:																			
Department of Housing and Urban Development																			
Community Development Block Grant	14.218	B18MC340001		1/1/18	12/31/18	1,195,390.00 \$	1,195,390.00												
Community Development Block Grant	14.218	B17MC340001		1/1/17	12/31/17	1,084,202.00													
Community Development Block Grant	14.218	B16MC340001		1/1/16	12/31/16	1,077,662.00													
Community Development Block Grant	14.218	B15MC340001		1/1/15	12/31/15	1,074,143.00													
HOME Investment Partnership Program	14.239	M18-MC340200		1/1/18	12/31/18	795,573.00	795,573.00												
HOME Investment Partnership Program	14.239	M17-MC340200		1/1/17	12/31/17	316,930.00													
HOME Investment Partnership Program	14.239	M16-MC340200		1/1/16	12/31/16	312,970.00													
HOME Investment Partnership Program	14.239	M15-MC340200		1/1/15	12/31/15	305,462.00													
HOME Investment Partnership Program	14.239	M14-MC340200		1/1/14	12/31/14	301,964.00													
CDBG Post Sandy Planning Grant	14.289	B13DS340001		1/1/14	12/31/14	345,000.00													
CDBG Disaster Recovery - Inlet Seawall	14.218	B12DT340001		1/1/13	12/31/13	765,534.52	409,655.92	13,832.51									(15,330.70)		
CDBG Main Street AC Streetscape	14.300			1/1/15	12/31/15	588,095.00	496,087.81										(9,017.50)		
Total Department of Housing and Urban Development																			
Passed through NJ Department of Education																			
Summer Food Program	10.555	14141NJ304NY1089		1/1/14	12/31/14	87,003.00													
Total Department of Agriculture																			
Department of Transportation																			
COPS in Shops	20.616			1/1/18	12/31/18	6,160.00	6,160.00												
COPS in Shops	20.616			1/1/17	12/31/17	8,960.00	3,840.13												
COPS in Shops	20.616			1/1/16	12/31/16	5,000.00													
Total Department of Transportation																			
Department of Justice																			
Bullet Proof Vest Partnership	16.607	2017DBJX449		1/1/15	12/31/15	69,209.00	47,123.30	35,582.90											
Bullet Proof Vest Partnership	16.607	2014DBJX449		1/1/14	12/31/14	31,832.00	31,831.69	(17,746.00)											
Bullet Proof Vest Partnership	16.607	2013DBJX449		1/1/13	12/31/13	44,903.00		(487.00)											
FBI - Police Equipment				1/1/17	12/31/17	270,000.00	78,954.99	17,369.90											
Ed Byrne Memorial Justice Assistance	16.738	2017DBJX449		1/1/17	12/31/17	94,676.00	94,676.00												
Ed Byrne Memorial Justice Assistance	16.738	2014DBJX449		1/1/15	12/31/15	93,893.00	93,893.00												
Ed Byrne Memorial Justice Assistance	16.738	2013DBJX449		1/1/14	12/31/14	109,723.00													
Total Department of Justice																			
Department of Homeland Security																			
SAPER	97.083	EMW2014FH00931		1/1/15	12/31/18	21,517,020.00	113,723.91												
Assistance to Firefighters	97.044	4086DRNJUP0000001		1/1/18	12/31/18	849,000.00		38,230.75											
Assistance to Firefighters	97.044	4086DRNJUP0000001		1/1/17	12/31/17	972,500.00	472,500.00	848,914.00											
Assistance to Firefighters	97.044	4086DRNJUP0000001		1/1/14	12/31/14	543,400.00		472,000.00											
Assistance to Firefighters	97.044	4086DRNJUP0000001		1/1/16	12/31/16	185,651.00	185,651.00												
FEMA AFG Fire Prevention Study	97.036	4086DRNJUP0000001		1/1/17	12/31/17	99,245.00		98,680.73									(2,820.00)		
Hazard Mitigation - Fisherman's Park	97.039	1897DRNJUP0000005		1/1/13	12/31/13	3,225,000.00	597,379.61												
FEMA Flood Hazard Mitigation	97.039	1897DRNJUP0000005		1/1/15	12/31/15	773,177.00	561,863.77												
FEMA Flood Hazard Mitigation	97.039	1897DRNJUP0000005		1/1/18	12/31/18	1,758,929.98													
Total Department of Homeland Security																			
Total Federal Assistance																			
														\$	5,189,859.14	1,588,502.05	763,570.33	2,362,072.38	(27,169.20)

See Accompanying Notes to Schedule of Federal Awards

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

State Grantor Department Program Title / Name	Grant Award Number	Grant Period From To	Program or Award Amount	Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Adjustments	Cumulative Expenditures
STATE OF NEW JERSEY							
NJ Department of Environmental Protection							
Clean Communities	4900-765-042-4900-004	1/1/2018 Open	79,955.09 \$	79,955.09			-
Clean Communities	4900-765-042-4900-004	1/1/2017 Open	83,649.00		2,537.84		2,537.84
Clean Communities	4900-765-042-4900-004	1/1/2016 Open	98,461.24		30,107.83		87,047.82
Clean Communities	4900-765-042-4900-004	1/1/2015 Open	86,134.84		25,398.34		53,700.18
Clean Communities	4900-765-042-4900-004	1/1/2014 Open	70,858.00		3,039.04		67,786.99
Clean Communities	4900-765-042-4900-004	1/1/2013 Open	75,625.00		10,200.98		75,594.84
Clean Communities	4900-765-042-4900-004	1/1/2012 Open	84,412.00				64,402.00
Recycling Tonnage	4900-752-042-4900-001	1/1/2018 12/31/2018	124,491.37	124,491.37	20,803.76		20,803.76
Recycling Tonnage	4900-752-042-4900-001	1/1/2017 12/31/2017	80,990.86		30,487.45		78,601.65
Recycling Tonnage	4900-752-042-4900-001	1/1/2014 12/31/2014	109,805.70				108,226.89
Recycling Tonnage	4900-752-042-4900-001	1/1/2008 12/31/2008	32,322.00				32,255.02
Recycling Tonnage	4900-752-042-4900-001	1/1/2014 12/31/2014	450,000.00				450,000.00
Green Acres							
Green Acres - Altman Playground		1/1/2016 12/31/2016	378,271.25				
Harold Brown Memorial Park		1/1/2016 12/31/2016	666,296.00				666,296.00
National Fish and Wildlife		1/1/2015 12/31/2015	187,500.00			(6,369.00)	182,840.00
Hazardous Site Remediation - Riverside Business Park		1/1/2016 Open	50,000.00		-		50,000.00
Hazardous Site Remediation - Motor Vehicle Inspection		1/1/2017 Open	32,032.00		-		32,032.00
Brownfield Cleanup Riverside Park	BF-97250207-0	1/1/2013 12/31/2013	200,000.00			(5,253.44)	187,085.00
Brownfield - Bungalow Park Site Cleanup	BF-97250207-0	1/1/2016 12/31/2016	163,658.00	139,770.50			163,658.00
Brownfield Cleanup - AC Delta Basin	BF-97250207-0	1/1/2016 12/31/2016	200,000.00				24,000.00
Brownfield - Hazardous Contamination	BF-97250207-0	1/1/2016 12/31/2016	200,000.00	2,310.00	66,780.00		166,780.00
Brownfields- Petroleum Contamination	BF-97250207-0	1/1/2016 12/31/2016	200,000.00	4,655.00			100,000.00
Brownfields Cleanup - South Boulevard	BF-97250207-0	1/1/2013 12/31/2013	200,000.00	3,145.00	36,360.00		36,360.00
Hazardous Site Remediation - Riverside Business Park		1/1/2016 12/31/2016	47,985.00				47,985.00
NJ Department of Health							
HIV Testing & Counseling	4245-100-046-4886	1/1/2015 12/31/2015	300,850.00				207,558.19
NJ State Police							
OEM - PAL and All Wars Generator		1/1/15 12/31/15	703,000.00		38,000.00		38,000.00
NJ Division of Law and Public Safety							
Body Armor - 2017	1020-718-066-1020	1/1/2017 12/31/17	21,389.73				21,157.40
Body Armor - 2016	1020-718-066-1020	1/1/2016 12/31/16	23,035.81			(0.01)	22,223.00
Body Armor - 2015	1020-718-066-1020	1/1/2015 12/31/15	41,166.00				39,398.41
Body Armor - 2014	1020-718-066-1020	1/1/2014 12/31/14	28,926.00			(2,802.00)	28,926.00
Body Armor - 2013	1020-718-066-1020	1/1/2013 12/31/13	46,166.00			(467.00)	46,165.99
Body Worn Camera		1/1/2016 12/31/16	30,000.00				-
Alcohol Education and Rehab		1/1/2016 12/31/16	2,849.83				210.00
Alcohol Education and Rehab		1/1/2013 12/31/13	8,829.01				2,714.28
Click It or Ticket		1/1/2018 12/31/18	5,500.00	5,390.00	5,390.00		5,390.00
Drunk Driving Enforcement		1/1/2018 12/31/18	78,846.79	78,846.79	39,325.52		39,325.52

See Accompanying Notes to Schedule of Federal Awards

NJ Department of Transportation						
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2016	Open	196,000.00	171,122.00	342,244.00
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2015	Open	210,000.00		210,000.00
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2015	Open	200,000.00		186,260.25
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2014	Open	1,026,057.00		(20,148.12)
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2013	Open	187,000.00		1,004,699.00
NJ Transportation Trust Fund	6320-480-601385-61	1/1/2013	Open	146,975.53		187,000.00
NJ DOT Ventnor Ave. 2017	6320-480-601385-61	1/1/2017	Open	39,091.66		(8,823.19)
NJ DOT Bikeway Connection	6320-480-601385-61	1/1/2017	Open	272,848.00	272,848.00	-
NJ DOT Bikeway Improvement	6320-480-601385-61	1/1/2017	Open	558,000.00		-
NJ DOT Inlet Bike Loop	6320-480-601385-61	1/1/2017	Open	300,000.00		-
NJ DOT Chelsea & Albany Ave Repaving	6320-480-601385-61	1/1/2017	Open	198,160.50		-
NJ DOT CMAC/Traffic Signal Synchronization	6320-480-601385-61	1/1/2018	Open	100,000.00	100,000.00	29,575.00
NJ DOT Resource Atlantic/Morris/Rhode Island	6320-480-601385-61	1/1/2018	Open	200,000.00	200,000.00	100,000.00
NJ DOT Resurface Arctic Ave	6320-480-601385-61	1/1/2018	Open	1,200,000.00	116,908.06	200,000.00
NJ DOT Resurface Ventnor Ave	6320-480-601385-61	1/1/2015	Open	200,000.00		116,908.06
Disaster Relief Opportunity Act		1/1/2015	Open	50,000.00		-
Traffic Light Synchronization		1/1/2013	Open	52,500.00		-
Traffic Light Synchronization		1/1/2015	Open	258,976.57		999,125.37
Traffic Light Synchronization		1/1/2015	Open	917,246.00		917,246.00
Transportation Alternative Program		1/1/2014	Open	963,947.00		963,947.00
		1/1/2018	Open	7,842.74	730,271.82	730,271.82
NJ Department of Health and Senior Services						
Childhood Poisoning Prevention Project		1/1/2018	12/31/18	58,431.00		-
NJBP						
Umicrogrid Feasibility Study		1/1/2017	Open	175,000.00		175,000.00
LED Upgrade Lighting Program		1/1/2016	Open	140,489.41	-	849,250.16
NJ Department of Community Affairs						
Boardwalk Reconstruction		1/1/2015	Open	5,032,288.00		4,957,365.50
New Jersey Historic Trust		1/1/2015	Open	532,000.00		151.88
Atlantic Pump Gate Station		1/1/2015	Open	6,500,000.00		324,500.00
Sustainable Jersey		1/1/2015	Open	20,000.00		19,902.53
Total State Assistance				\$ 1,595,691.63	1,920,739.04	(349,640.56)

See Accompanying Notes to Schedule of Federal Awards

**Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2018**

Note 1: BASIS OF PRESENTATION

The accompanying schedule of federal and state awards includes the federal and state grant activity of the City of Atlantic City, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule do not agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

Expenditures per Schedule of Federal and State Awards	\$ 4,272,811.42
Less: Community Development Block Grant	(777,402.84)
Plus: Local Grants and Local Match	1,592,681.20
Expenditures reported on Schedule A-12	<u>\$ 5,088,089.78</u>

**CITY OF ATLANTIC CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued: Adverse under GAAP/Unmodified under Regulatory

B) Internal control over financial reporting:

1) Material weakness(es) identified? _____yes _____X_____no

2) Significant Deficiencies identified that are not considered to be material weaknesses? _____yes _____X_____no

C) Noncompliance material to general-purpose financial statements noted? _____yes _____X_____no

Federal Awards Section

D) Dollar threshold used to determine type A programs: \$ 750,000

E) Auditee qualified as low-risk auditee? _____X_____yes _____no

F) Type of auditor's report on compliance for major programs Unmodified

G) Internal control over major programs:

1) Material weakness(es) identified? _____yes _____X_____no

2) Significant Deficiencies identified that are not considered to be material weaknesses? _____yes _____X_____no

H) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____yes _____X_____no

I) Identification of major programs:

CFDA Number(s)

97.044

Name of Federal Program or Cluster

Assistance to Firefighters Grant

**CITY OF ATLANTIC CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor's Results

State Awards Section

- J) Dollar threshold used to determine Type A programs: \$750,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditor's report issued on compliance for major programs: Unmodified
- M) Internal Control over major programs:
- 1) Material weakness(es) identified? yes X no
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? yes X no
- O) Identification of major programs:

GMIS Number(s)
6320-480-601385-61

Name of State Program
NJ Department of Transportation

Part 2 -- Schedule of Financial Statement Findings

NONE

Part 3 -- Schedule of Federal Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2017	\$ 78,912,725.33	125,039.43
Increased by Receipts:		
Tax Collector	84,457,616.19	
Revenue Accounts Receivable	127,208,410.77	
Miscellaneous Revenue	925,955.85	
FEMA Reserve	2,967,364.74	
Homestead Rebate	351,187.62	
Accounts Payable	11,803.83	
Due to Trust	30,965.05	
State of New Jersey		
Senior Citizens and Veterans	93,116.07	
DCA Training Fees	247,536.00	
Payroll Deductions Payable	1,306,557.13	
Reserve for Sale of Municipal Property	441,216.89	
Other Payables	44,418.76	
Casino Pilot	60,862,857.90	
Reserve for Debt Service - IAT Excess	2,972,324.00	
Federal and State Unappropriated	12,661.44	19.67
Federal and State Receivables	6,556,182.07	188,569.00
	<u>288,490,174.31</u>	<u>188,588.67</u>
	367,402,899.64	313,628.10
Decreased by Disbursements:		
Current Year Appropriation	166,612,412.12	
Prior Year Appropriations	4,755,426.28	
County Taxes	6,056,430.42	
County Added	111,715.64	
County Taxes - Casino Pilot	15,600,000.00	
Local District School Taxes	46,362,730.11	
School Taxes - Casino Pilot	44,770,596.00	
Library - Casino Pilot	492,261.90	
Due from CDBG	759,309.83	
Casino PILOT Payable	3,476,231.05	
State of New Jersey		
DCA Training Fees	342,899.00	
Marriage Licenses	72.00	
Due to Trust		
Due from Trust	68,121.24	
Due from AC Endowment Trust	1,320,801.51	
Reserve for Performance Bonds	205,862.89	
Due from Dog Trust	775.10	
Other Receivables	24,788.15	
Refund of Tax Overpayments	1,675,775.34	
Federal and State Disbursements	5,740,488.58	
	<u>298,376,697.16</u>	<u>-</u>
Balance December 31, 2018	\$ <u>69,026,202.48</u>	<u>313,628.10</u>

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2017		\$	-
Increased by Receipts:			
Prepaid Taxes	1,060,278.04		
Taxes Receivable	81,325,466.60		
Revenue Accounts Receivable	1,041,668.25		
Tax Title Lien Collections	1,030,203.30		
			<hr/>
			84,457,616.19
			84,457,616.19
Payments to Treasurer			<hr/>
			84,457,616.19
		\$	<hr/> <hr/>

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2017	Current Year Levy	Added Taxes	Collections by Cash		Overpayments	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2018
				2017	2018					
2012 \$	1,162.80						1,071.61			91.19
2013	21,471.58						21,034.36			437.22
2014	65,530.44						39,591.30			25,939.14
2015	116,734.30						67,324.56			49,409.74
2016	275,689.06				21,358.93		162,754.54	13,228.22		78,347.37
2017	742,417.48				282,468.39		312,248.50	14,727.52		132,973.07
	1,223,005.66	-	-	-	303,827.32	-	604,024.87	27,955.74	-	287,197.73
2018		101,856,120.53	217,295.96	2,634,154.11	85,249,604.94	-	10,469,910.26	2,473,180.86		1,246,566.32
\$	1,223,005.66	101,856,120.53	217,295.96	2,634,154.11	85,553,432.26	-	11,073,935.13	2,501,136.60	-	1,533,764.05

Cash Receipts	81,325,466.60
Tax Overpayments Applied	3,760,528.04
Senior Citizens and Veterans	116,250.00
Homestead Rebate	351,187.62
	<u>85,553,432.26</u>

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	87,883,759.05
Added Taxes (54.4-63.1 et. Seq.)	101,856,120.53
	<u>217,295.96</u>
	<u>102,073,416.49</u>

Tax Levy:	
General County Taxes	6,046,774.23
County Open Space Taxes	9,656.19
County Added and Omitted Taxes	13,255.79
Total County Taxes	
Local School District Tax	
Local Tax for Municipal Purposes	52,777,042.35
Add: Additional Tax Levied	<u>211,800.93</u>
	<u>52,988,843.28</u>
	<u>102,073,416.49</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2017		\$	9,741,799.56
Increased by:			
Transfers from Taxes Receivable	2,501,136.60		
Interest and Costs Accrued by Sale			
December 17, 2018	18,971.51		
			<u>2,520,108.11</u>
			12,261,907.67
Decreased by:			
Collections	1,030,203.30		
Transfer to Foreclosed Property	5,966,547.17		
Other	46,685.75		
			<u>7,043,436.22</u>
Balance December 31, 2018		\$	<u>5,218,471.45</u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued in 2018	Collected by Collector	Treasurer	Balance Dec. 31, 2018
Licenses:					
Alcoholic Beverages		214,669.20		214,669.20	-
Other		877,402.66		877,402.66	-
Fees and Permits		1,695,533.17		1,695,533.17	-
Fines and Costs:					
Municipal Court	109,595.51			1,301,119.10	84,554.96
Interest and Costs on Taxes		1,276,078.55	1,002,141.25		-
Interest Earned on Investments		1,002,141.25			-
Parking Meters		957,491.96		957,491.96	-
Boardwalk Tram Fees		767,023.38		767,023.38	-
Mortgage Registration Fees		431,030.48		431,030.48	-
Payments in Lieu of Taxes		169,500.00		169,500.00	-
Refunds and Reimbursements		3,437,502.20		3,437,502.20	-
Rent and Sale of Property		100,044.14		100,044.14	-
Towing Fees		1,711,781.50		1,711,781.50	-
Uniform Fire Safety Act		408,033.95		408,033.95	-
Atlantic City Municipal Utilities Authority		276,927.19		276,927.19	-
Consolidated Municipal Property Tax Relief Act		673,220.00		673,220.00	-
Energy Receipts Tax		33,144,856.00		33,144,856.00	-
Transitional Aid		8,115,858.00		8,115,858.00	-
ACA Funds		3,900,000.00		3,900,000.00	-
IAT Funds		10,000,000.00		10,000,000.00	-
Reserve for FEMA		6,700,000.00		6,700,000.00	-
Uniform Construction Code Fees		3,053,265.80		3,053,265.80	-
Casino PILOT		2,604,952.00		2,604,952.00	-
Capital Surplus		68,829,884.55		68,829,884.55	-
Reserve for Sale of Municipal Property		14,012,951.43		14,012,951.43	-
Miscellaneous Revenue Not Anticipated		2,500,000.00		2,500,000.00	-
		1,541,619.11	39,527.00	1,502,092.11	-
	<u>\$ 109,595.51</u>	<u>168,401,766.52</u>	<u>1,041,668.25</u>	<u>167,385,138.82</u>	<u>84,554.96</u>
		Cash		128,134,366.62	
		General Capital Interfund		14,012,951.43	
		Non-Cash - Due from Trust		576,136.26	
		Non-Cash - Qualified Bond Act		19,108,418.71	
		Reserve for FEMA		3,053,265.80	
		Reserve for Sale of Municipal Property		2,500,000.00	
				<u>167,385,138.82</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF ADMINISTRATION					
Mayor's Office					
Salaries and Wages	16,230.99	16,230.99	-	16,230.99	-
Other Expenses	5,305.63	5,305.63	1,104.00	4,201.63	-
Business Administrator's Office					
Salaries and Wages	6,854.14	6,854.14	-	6,854.14	-
Other Expenses	77,877.15	77,877.15	58,424.00	19,453.15	-
Solicitor's Office					
Salaries and Wages	19,156.10	19,156.10	-	19,156.10	-
Other Expenses	473,055.07	473,055.07	326,706.21	146,348.86	-
Administrative Services - Mail Room					
Salaries and Wages	13,287.59	13,287.59	-	13,287.59	-
Other Expenses	35,968.93	35,968.93	594.47	35,374.46	-
Municipal Court					
Salaries and Wages	38,719.31	38,719.31	-	38,719.31	-
Other Expenses	14,408.67	14,408.67	13,184.92	1,223.75	-
Prosecutor's Office					
Salaries and Wages	1,137.45	1,137.45	-	1,137.45	-
Other Expenses	11,574.19	11,574.19	7,428.86	4,145.33	-
Insurance					
Liability	744,584.23	744,584.23	546,118.00	198,466.23	-
Workers Compensation	112,083.37	112,083.37	11,500.00	100,583.37	-
Employee Group	2,521,787.99	2,521,787.99	756,549.12	1,765,238.87	-
Health Waiver - Employee Opt Out	29,571.74	29,571.74	-	29,571.74	-
Public Defender					
Salaries and Wages	4,181.85	4,181.85	-	4,181.85	-
Other Expenses	15,930.27	15,930.27	10,302.95	5,627.32	-
Miscellaneous					
Social Services Agencies	14,500.00	14,500.00	1,622.66	12,877.34	-
Assessor					
Salaries and Wages	37,064.81	37,064.81	-	37,064.81	-
Other Expenses	278,520.38	278,520.38	101,834.70	176,685.68	-
Data Processing/Management Information (MIS)					
Salaries and Wages	15,712.60	15,712.60	-	15,712.60	-
Other Expenses	292,073.01	292,073.01	248,382.85	43,690.16	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
DEPARTMENT OF HUMAN RESOURCES					
Director's Office					
Salaries and Wages	27,499.96	9,499.96	-	9,499.96	-
Other Expenses	26,234.71	44,234.71	29,747.10	14,487.61	-
Personnel Division					
Salaries and Wages	21,022.55	21,022.55	-	21,022.55	-
Health Division					
Salaries and Wages	168.66	168.66	-	168.66	-
DEPARTMENT OF PLANNING AND DEVELOPMENT					
Director's Office					
Salaries and Wages	22,883.66	22,883.66	-	22,883.66	-
Other Expenses	13,560.00	13,560.00	9,412.00	4,148.00	-
Planning Division					
Salaries and Wages	3,611.47	3,611.47	-	3,611.47	-
Other Expenses	61,229.27	61,229.27	59,840.90	1,388.37	-
Zoning Board					
Other Expenses	2,000.00	2,000.00	1,000.00	1,000.00	-
City Engineer					
Salaries and Wages	3,790.21	3,790.21	-	3,790.21	-
Other Expenses	272,905.76	272,905.76	58,067.36	214,838.40	-
Economic Development - CDBG					
Salaries and Wages	6,905.40	6,905.40	-	6,905.40	-
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office					
Salaries and Wages	783.47	783.47	-	783.47	-
Other Expenses	43,553.09	43,553.09	30,825.71	12,727.38	-
Comptroller's Office					
Salaries and Wages	11,871.84	11,871.84	-	11,871.84	-
Other Expenses	40,668.21	40,668.21	24,076.07	16,592.14	-
Tax Collector's Office					
Salaries and Wages	21,701.94	21,701.94	-	21,701.94	-
Other Expenses	70,277.72	70,277.72	45,948.23	24,329.49	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Audit Service					
Other Expenses	23,015.00	23,015.00	-	23,015.00	-
Purchasing					
Salaries and Wages	1,294.64	1,294.64	-	1,294.64	-
Other Expenses	10,875.42	10,875.42	1,005.46	9,869.96	-
Finance Division					
Salaries and Wages	229.79	229.79	-	229.79	-
Other Expenses	307.80	307.80	-	307.80	-
DEPARTMENT OF PUBLIC SAFETY					
Police					
Salaries and Wages	966,173.81	966,173.81	68,350.00	897,823.81	-
Other Expenses	470,908.52	470,908.52	333,326.65	137,581.87	-
Police Civilian Division					
Salaries and Wages	289,955.44	289,955.44	-	289,955.44	-
Other Expenses	185,176.95	185,176.95	60,085.78	125,091.17	-
Emergency Services					
Salaries and Wages	102,443.75	102,443.75	-	102,443.75	-
Other Expenses	37,751.35	37,751.35	26,727.70	11,023.65	-
Fire					
Salaries and Wages	506,413.01	506,413.01	506,413.01	-	-
Other Expenses	61,672.44	61,672.44	61,663.29	9.15	-
Fire Civilian					
Salaries and Wages	590.42	590.42	-	590.42	-
Uniform Fire Safety Act					
Salaries and Wages	38,463.53	38,463.53	100.00	38,363.53	-
Other Expenses	1,875.86	1,875.86	1,660.70	215.16	-
DEPARTMENT OF PUBLIC WORKS					
Director's Office					
Salaries and Wages	22,422.16	22,422.16	-	22,422.16	-
Other Expenses	624,129.60	624,129.60	345,966.94	278,162.66	-
Electrical Bureau					
Salaries and Wages	14,395.99	14,395.99	-	14,395.99	-
Other Expenses	11,349.77	11,349.77	4,520.80	6,828.97	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Parks					
Salaries and Wages	47,435.59	47,435.59	-	47,435.59	-
Other Expenses	1,554.64	1,554.64	1,255.50	299.14	-
Beach and Boardwalk					
Salaries and Wages	56,560.96	56,560.96	-	56,560.96	-
Other Expenses	2,817.77	2,817.77	2,643.11	174.66	-
Sanitation					
Salaries and Wages	61,197.10	61,197.10	-	61,197.10	-
Other Expenses	571,753.87	571,753.87	281,656.96	290,096.91	-
Asphalt Plant/Street Repairs					
Salaries and Wages	40,683.85	40,683.85		40,683.85	-
Other Expenses	11,614.74	11,614.74	11,317.70	297.04	-
Paint and Sign Shop					
Salaries and Wages	7,178.47	7,178.47	-	7,178.47	-
Other Expenses	344.83	344.83	186.00	158.83	-
Building Maintenance Division					
Salaries and Wages	126,333.57	126,333.57	-	126,333.57	-
Other Expenses	980.97	980.97	40.45	940.52	-
Community Services Act					
Other Expenses	134,097.42	134,097.42	77,160.21	56,937.21	-
Vehicle Maintenance					
Other Expenses	816,392.71	816,392.71	754,314.67	62,078.04	-
Facilities					
Salaries and Wages	33,738.09	33,738.09	-	33,738.09	-
Other Expenses	3,245.88	3,245.88	275.36	2,970.52	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Director's Office					
Other Expenses	278,834.48	278,834.48	257,686.40	21,148.08	-
Health Administration					
Salaries and Wages	35,470.06	35,470.06	-	35,470.06	-
Other Expenses	11,848.93	11,848.93	484.47	11,364.46	-
Social Services					
Salaries and Wages	28,614.37	28,614.37	-	28,614.37	-
Other Expenses	50,043.78	50,043.78	3,318.54	46,725.24	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Recreational and Cultural Affairs					
Salaries and Wages	194,685.77	194,685.77	-	194,685.77	-
Other Expenses	28,003.24	28,003.24	1,070.45	26,932.79	-
Clinical Services					
Other Expenses	21,567.86	21,567.86	11,345.98	10,221.88	-
Animal Control Expense					
Other Expenses	3,600.00	3,600.00	3,600.00	-	-
DEPARTMENT OF LICENSES AND INSPECTIONS					
Director's Office					
Salaries and Wages	3,116.91	3,116.91		3,116.91	-
Other Expenses	2,085.23	2,085.23	1,162.32	922.91	-
Inspections					
Salaries and Wages	32,356.63	32,356.63		32,356.63	-
Other Expenses	1,169.31	1,169.31	784.14	385.17	-
Regulatory Division					
Salaries and Wages	10,076.29	10,076.29	-	10,076.29	-
Other Expenses	1,038.23	1,038.23	689.96	348.27	-
CITY COUNCIL					
Salaries and Wages	0.26	0.26	-	0.26	-
Other Expenses	4,268.09	4,268.09	4,054.95	213.14	-
CITY CLERK					
Salaries and Wages	5,545.91	5,545.91	-	5,545.91	-
Other Expenses	48,256.10	48,256.10	14,950.93	33,305.17	-
UNIFORM CONSTRUCTION CODE					
Salaries and Wages	161,446.66	161,446.66	-	161,446.66	-
Other Expenses	3,221.60	3,221.60	3,205.81	15.79	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
UNCLASSIFIED					
Electricity	268,186.55	268,186.55	40,425.74	227,760.81	-
Street Lighting	163,790.93	163,790.93	155,245.59	8,545.34	-
Telephone	91,517.24	91,517.24	61,864.58	29,652.66	-
City Water Usage	21,406.85	21,406.85	-	21,406.85	-
Gas	84,776.39	84,776.39	31,231.85	53,544.54	-
Sewer	28,147.51	28,147.51	25,155.43	2,992.08	-
Gasoline	395,362.10	395,362.10	88,115.75	307,246.35	-
Codification of Ordinances	5,000.00	5,000.00	-	5,000.00	-
DEFERRED CHARGES					
Prior Years					
FEMA Deobligation	8,689.50	8,689.50	8,689.50	-	-
STATUTORY EXPENDITURES					
Contribution to					
Social Security	262,793.84	262,793.84	4,481.67	258,312.17	-
Defined Contribution Retirement	14,490.12	14,490.12	8,571.15	5,918.97	-
Lifeguard Pension	64,242.64	64,242.64	-	64,242.64	-
Consolidated Police and Firemen's Pension Fund	26.98	26.98	-	26.98	-
Pension Increase Act - CPF	29,047.90	29,047.90	-	29,047.90	-
OPERATIONS EXCLUDED FROM "CAPS"					
Interlocal Service Agreement - CRDA Class 2's	121,191.97	121,191.97	-	121,191.97	-
Matching Funds	26,624.00	26,624.00	-	26,624.00	-
	<u>\$ 13,226,173.33</u>	<u>13,226,173.33</u>	<u>5,607,475.61</u>	<u>7,618,697.72</u>	<u>-</u>
		Cash Disbursements	4,755,426.28		
		Accounts Payable	852,049.33		
		<u>5,607,475.61</u>			

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2017	\$ 3,347,843.11
Increased by:	
Levy - Calender Year 2018	<u>43,014,887.00</u>
	46,362,730.11
Decreased by:	
Payments	<u>46,362,730.11</u>
Balance December 31, 2018	\$ <u><u>-</u></u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance 12/31/2017	Transferred From 2018 Revenues	Received	Adjustments	Balance 12/31/2018
FEDERAL GRANTS:					
Bulletproof Vest Partnership - 2013	\$ 44,902.99				44,902.99
Bulletproof Vest Partnership - 2014	31,831.69		31,831.69		-
Bulletproof Vest Partnership - 2015	69,209.00		47,123.30		22,085.70
Bulletproof Vest Partnership - 2018		24,042.50			24,042.50
FEMA-Assistance to Firefighters	48,481.00				48,481.00
FEMA-Assistance to Firefighters - 2016	185,651.00		185,651.00		-
FEMA-Assistance to Firefighters - 2017	611,364.00		472,500.00		138,864.00
FEMA-Assistance to Firefighters - 2018		771,818.00			771,818.00
FEMA-Hazard Mitigation Fisherman's Park	597,379.61		597,379.61		-
FEMA-Flood Hazard Mitigation	773,177.00		561,853.77		211,323.23
FEMA-Flood Hazard Mitigation		1,758,929.98			1,758,929.98
FEMA - Caspian Ave & Gardner's Basin Bulkhead		3,672,000.00			3,672,000.00
FEMA - AFG Fire Prevention Study	94,520.00		94,520.00		-
FBI Police Equipment					-
SAFER	238,276.70		113,723.91		124,552.79
CDBG - Disaster Recovery Inlet Seawall	348,700.68		409,655.92		-
CDBG - Main Street AC Streetscape	588,095.00	60,955.24	496,087.81		92,007.19
CDBG - Post Sandy Planning Grant	166,222.50				166,222.50
Ed Byrne Memorial Justice Assistance Grant - 2016	94,676.00		94,676.00		-
Ed Byrne Memorial Justice Assistance Grant - 2015	93,893.00		93,893.00		-
Ed Byrne Memorial Justice Assistance Grant - 2014	33,639.00				33,639.00
Atlantis Pump Gate Station	6,500,000.00				6,500,000.00
COPs in SHOPS - 2018	3,960.00	6,160.00	6,160.00		-
COPs in SHOPS - 2017	3,600.00		3,840.13		119.87
COPs in SHOPS - 2014					3,600.00
Total Federal	10,527,579.17	6,293,905.72	3,208,896.14	-	13,612,588.75

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance 12/31/2017	Transferred From 2018 Revenues	Received	Adjustments	Balance 12/31/2018
LOCAL GRANTS:					
CRDA - Street Lighting	1,194,069.66				911,933.66
CRDA - Demolition	686,293.66			282,136.00	686,293.66
CRDA - Law Enforcement Technology	1,261,814.88		548,733.10		713,081.78
CRDA - Boardwalk Demolition	359,770.00				359,770.00
CRDA - Class II Officers - 2018		1,500,000.00	752,419.53		747,580.47
CRDA - Class II Officers	718,861.96		703,243.25		15,618.71
CRDA - Garden Pier	45,303.07				45,303.07
CRDA - Boardwalk/Street Lighting	2,302,730.01				2,302,730.01
CRDA - Boardwalk Repairs	294,619.34			209,794.25	84,825.09
CRDA - Enhanced Enforcement Building Maintenance	108,442.22				108,442.22
CRDA - Demolition	1,220,672.97		76,980.34		1,143,692.63
Local Law Enforcement Block Grant Interest		8.41	8.41		-
AC Devco					-
AC Housing Authority	30,000.00				30,000.00
South Jersey Gas Fire Responders		2,500.00			2,500.00
County of Atlantic:					
Atlantic County Alliance - 2016	10,613.44				10,613.44
Atlantic County Alliance - 2017	30,059.00		17,125.24		12,933.76
Atlantic County Alliance - 2018		30,059.00			30,059.00
Meals on Wheels - 2016	12,090.00				12,090.00
Meals on Wheels - 2017	12,090.00				12,090.00
CEHA - 2016	3,000.00				3,000.00
CEHA - 2017	48,000.00		45,000.00		3,000.00
Boys and Girls Club	660,350.00				660,350.00
Total Local	8,998,780.21	1,532,567.41	2,143,509.87	491,930.25	7,895,907.50

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance 12/31/2017	Transferred From 2018 Revenues	Received	Adjustments	Balance 12/31/2018
STATE GRANTS:					
NJ DOT: Trust Fund Authority Act of 1984					
Ventnor Avenue	196,000.00		196,000.00		-
Ventnor Avenue	272,848.00		155,636.00		117,212.00
Route 187 to Pacific	13,268.83				13,268.83
NJ DOT - Ohio / MLK	70,417.94		39,091.66		31,326.28
Disaster Relief Opportunity - Atlantis Ave	789,372.38		258,976.57		530,395.81
Compressed Natural Gas	62,464.00				62,464.00
Maryland to Route 187	42,731.12				42,731.12
Resurface Artic Ave	50,000.00		50,000.00		-
Resurface Ventnor Ave	52,500.00		52,500.00		-
Bikeway Connection	558,000.00				558,000.00
Bikeway Improvement	300,000.00				300,000.00
Inlet Bike Loop	296,000.00		198,160.50		97,839.50
Chelsea and Albany Ave Repaving		100,000.00			100,000.00
CMAC Traffic Synchronization		200,000.00			200,000.00
Main Ave Parking Enhancement		567,330.00			567,330.00
Ohio Ave Bridge Replacement		2,000,000.00			2,000,000.00
Atlantic Avenue Repaving		1,200,000.00			1,200,000.00
AC Traffic Light Synchronization	21,197.30				21,197.30
Transportation Alternative Program	966,000.00		7,842.74		958,157.26
NJBPU - LED Lighting Upgrade Program	1,900,000.00		140,489.41		1,759,510.59
NJBPU - Microgrid Feasibility Study	175,000.00				175,000.00
Childhood Poisoning Prevention Project		58,431.00	58,431.00		-
Secure the Shore		175,000.00			175,000.00
NJ Department of Law & Public Safety					
Body Armor - 2017	-				-
Body Worn Camera Program	30,000.00				30,000.00
Drunk Driving Enforcement		78,846.79	78,846.79		-
Click or Ticket		5,390.00	5,390.00		110.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance 12/31/2017	Transferred From 2018 Revenues	Received	Adjustments	Balance 12/31/2018
NJ Department of Environmental Protection					
Brownfield Cleanup Riverside Park	69,699.38				69,699.38
Brownfield Cleanup South Boulevard	189,360.00		3,145.00		186,215.00
Brownfield - Bungalow Park Site Cleanup	161,083.00		139,770.50		21,312.50
Brownfield Cleanup - AC Delta Basin	200,000.00				200,000.00
Brownfield - Hazardous Contamination	200,000.00		2,310.00		197,690.00
Brownfields- Petroleum Contamination	200,000.00		4,655.00		195,345.00
Hazardous Discharge Site Remediation - Riverside	47,985.00				47,985.00
HDSRF - Motor Vehicle Inspection Station	32,032.00				32,032.00
Clean Community	-	79,955.09	79,955.09		-
Harold Brown Memorial Park	295,173.60				295,173.60
Green Acres - Altman Playground Acquisition	189,135.62				189,135.62
Green Acres	450,000.00				450,000.00
Recycling Tonnage	-	124,491.37	124,491.37		-
Sustainable Jersey	-				-
PAL and All Wars Generator	430,000.00				430,000.00
Altman Field Playground - Site Remediation	39,974.00				39,974.00
James Usry Center - Site Remediation	118,290.00				118,290.00
EDA - Boardwalk Reconstruction	0.01				0.01
EDA - Innovation Planning Challenge		100,000.00			100,000.00
National Fish and Wildlife	10,309.00				10,309.00
Total State	8,428,841.18	4,689,554.25	1,595,691.63	-	11,522,703.80
\$	27,955,200.56	12,516,027.38	6,948,097.64	491,930.25	33,031,200.05
		Cash	6,744,751.07		
		Unappropriated Reserves	203,346.57		
			6,948,097.64		

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2017		2018		Encumbrances	Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances	Appropriations						
FEDERAL GRANTS:									
SAFER									
SAFER	132,758.76					38,230.75			94,528.01
Federal Emergency Management									
Assistance to Firefighters			849,000.00				848,914.00		86.00
Assistance to Firefighters	672,500.00					446,787.90	25,212.10		200,500.00
Assistance to Firefighters	75,166.36								75,166.36
Assistance to Firefighters		2,820.00							2,820.00
Assistance to Firefighters		447,876.58				333,290.45	114,586.13		
Hazard Mitigation Fisherman's Park									
FEMA-Flood Hazard Mitigation			1,758,929.98						1,758,929.98
FEMA - AFG Fire Prevention Study						98,680.73			564.27
Caspian Ave & Gardner's Basin Bulkhead	99,245.00		3,672,000.00						3,672,000.00
Department of Justice									
Bullet Proof Vest Partnership 2013		467.00							467.00
Bullet Proof Vest Partnership 2014	934.00	17,746.00							18,680.00
Bullet Proof Vest Partnership 2015	36,030.00	18,272.49				53,855.39			447.10
Ed Byrne Memorial Justice Assistance Grant - 2017	84,085.00	10,591.00				84,383.00			10,293.00
Ed Byrne Memorial Justice Assistance Grant - 2015	32,214.80					15,382.00	10,300.16		6,532.64
Ed Byrne Memorial Justice Assistance Grant - 2014	33,639.37								33,639.37
Local Law Enforcement Block Grant - interest	21,050.07		8.41						21,058.48
FBI - Police Equipment		239,595.40				214,884.00	24,711.40		(0.00)
COPs in SHOPS - 2018			6,160.00						6,160.00
COPs in SHOPS - 2017	8,960.00								8,960.00
COPs in SHOPS - 2016	3,599.85								3,599.85
COPs in SHOPS - 2015	3,278.87								3,278.87
CDBG - Post Sandy Planning Grant	81,436.10	15,330.70							96,766.80
CDBG - Disaster Recovery Inlet Seawall	678,923.89		60,955.24			12,670.00	1,162.51		726,046.62
CDBG - Main Street AC Streetscape	82,673.45	330,197.80				321,180.30			91,690.95
Pass through New Jersey Department of Education									
Summer Food Program - 2014	23,623.47								23,623.47
Summer Food Program - 2015									
Pass through New Jersey Department of Health									
WIC - 2014									
Total Federal	2,070,118.99	1,082,896.97	6,347,053.63		1,024,886.30	1,619,344.52	-		6,855,838.77

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2017		2018		Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances				
LOCAL GRANTS:								
CRDA - Street Lighting	1,007,136.00						282,136.00	725,000.00
CRDA - Demolition	404,129.37							404,129.37
CRDA - Law Enforcement Technology	683,116.13	171,193.75			151,537.50	24,000.00		678,772.38
CRDA - Boardwalk Demolition	329,770.80							329,770.80
CRDA - Demolition within Tourism District	8,539.98	30,049.47			9,054.74	20,332.00		9,202.71
CRDA - Garden Pier	55,521.02							55,521.02
CRDA - Boardwalk/Street Lighting	1,853,058.81							1,853,058.81
CRDA - Summer Concerts								
CRDA - Boardwalk Repairs	254,404.11	38,246.25			39,142.20		209,794.25	43,713.91
CRDA - Class II Officers - 2018			1,500,000.00		1,006,643.37			493,356.63
CRDA - Class II Officers	579,104.06	2,730.97			551,217.85			30,617.18
CRDA - Street Lighting								
CRDA - Brighton Park Fountain Repairs								
CRDA - Demolition	356,187.86	136,706.54			308,372.50	184,521.90		0.00
CRDA - Winter Wonderland Festival								
AC Devco								
AC Housing Authority		16,787.39			16,787.39			
South Jersey Gas First Responders			2,500.00					2,500.00
Atlantic County:								
Municipal Alliance - 2018					4,313.00	33,261.00		
Municipal Alliance - 2017		19,374.72	37,574.00		14,978.75	4,395.74		0.23
Municipal Alliance - 2016		4,813.44						14,013.44
CEHA - 2017	9,200.00	616.36			616.36			41,091.62
CEHA - 2016	48,000.00				6,989.94	12.10		40,997.96
Meals on Wheels - 2017	12,090.00							12,090.00
Meals on Wheels - 2016								12,090.00
Boys and Girls Club	46,940.07	540,007.93			325,716.45	214,291.48		46,940.07
Total Local	5,700,379.83	960,526.82	1,540,074.00		2,435,370.05	480,814.22	491,930.25	4,792,866.13
STATE GRANTS:								
New Jersey Department of Transportation								
NJ DOT - Ohio / MLK		8,823.19						8,823.19
NJ DOT Route 187 to Pacific	13,103.72							13,103.72
Disaster Relief Opportunity - Atlantis Ave	430,103.10						(5,229.00)	435,332.10
NJ DOT Compressed Natural Gas	62,464.00							62,464.00
NJ DOT Maryland Ave to Route 187	21,358.00	20,148.12						41,506.12
NJ DOT Resurface Artic Ave	13,739.75							13,739.75
NJ DOT Ventnor Ave. 2016	171,122.00	24,878.00			20,704.15	175,295.85		
NJ DOT Ventnor Ave. 2017	272,848.00				200,476.30	72,371.70		0.00
NJ DOT Bikeway Connection	558,000.00							558,000.00
NJ DOT Bikeway Improvement	300,000.00							300,000.00

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2017		2018	Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances	Appropriations				
NJ DOT Inlet Bike Loop	29,575.00	266,425.00		198,177.66	68,247.34		29,575.00
NJ DOT Chelsea & Albany Ave Repaving			100,000.00		100,000.00		-
NJ DOT CMAC/Traffic Signal Synchronization			200,000.00		200,000.00		-
NJ DOT Main Ave Parking			567,330.00				567,330.00
NJ DOT Ohio Ave Bridge Replacement			2,000,000.00				2,000,000.00
NJ DOT Resurface Atlantic/Morris/Rhode Island			1,200,000.00		116,909.06		1,083,090.94
AC Traffic Light Synchronization		21,177.80					21,177.80
Transportation Alternative Program	966,000.00			153,289.16	576,982.66		235,728.18
NJBPU LED Lighting Upgrade Program	1,150,749.84	749,250.16		749,250.16			1,150,749.84
NJBPU Microgrid Feasibility Study		175,000.00			175,000.00		-
New Jersey Department of Health and Senior Services Childhood Lead Poisoning Prevention			58,431.00				58,431.00
New Jersey Department of Law & Public Safety							
Alcohol Education & Rehab. -2015	2,639.83						2,639.83
Alcohol Education & Rehab. -2014	118.16						118.16
Alcohol Education & Rehab. -2013	6,114.73						6,114.73
Body Armor - 2018			24,042.50				24,042.50
Body Armor - 2017	21,389.73			21,157.40			232.33
Body Armor - 2016	812.81	18,272.50		18,272.49			812.82
Body Armor - 2015	-						-
Body Armor - 2014	0.07	2,802.00					2,802.07
Body Armor - 2013	0.01	467.00					467.01
Body Armor - 2012	28,696.17						28,696.17
Body Armor - 2010	1,896.50						1,896.50
Body Worn Camera Program	30,000.00						30,000.00
Click it or Ticket			5,500.00				110.00
Drunk Driving Enforcement			78,846.79	5,390.00	39,325.52		39,521.27
New Jersey Department of Homeland Security Secure the Shore			175,000.00				175,000.00
New Jersey State Police OEM - PAL and All Wars Generator	430,000.00		273,000.00	22,230.00	15,770.00		665,000.00
New Jersey Department of Community Affairs New Jersey Historic Trust	531,848.12						531,848.12
EDA - Boardwalk Reconstruction	74,902.50						74,902.50
Sustainable Jersey	97.47						97.47
Atlantic Pump Gate Station	6,175,500.00	324,500.00					6,460,100.00

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2017		2018	Encumbrances	Appropriations	Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances							
New Jersey Department of Environmental Protection									
Clean Communities Program - 2012	10.00								10.00
Clean Communities Program - 2013	10,231.14					8,843.78	1,357.20		30.16
Clean Communities Program - 2014	3,071.05					2,913.06	125.98		32.01
Clean Communities Program - 2015	57,832.80					21,698.74	3,699.60		32,434.46
Clean Communities Program - 2016	41,521.25	8,504.94				38,180.22	452.55		11,413.42
Clean Communities Program - 2017	83,649.00					2,537.84			81,111.16
Clean Communities Program - 2018			79,955.09						79,955.09
Brownfield Cleanup Riverside Park	12,915.00	5,253.44				3,145.00	33,215.00		18,168.44
Brownfield Cleanup South Boulevard	200,000.00					132,495.50	21,862.50		163,640.00
Brownfield Cleanup - AC Delta Basin	176,000.00	154,358.00							-
Brownfield Cleanup - AC Delta Basin	100,000.00	24,000.00					24,000.00		176,000.00
Brownfield - Hazardous Contamination	100,000.00	100,000.00				2,310.00	184,470.00		33,220.00
Brownfields - Petroleum Contamination	100,000.00	100,000.00				10,135.00	88,865.00		100,000.00
Hazardous Site Remediation - Riverside Business Park	-	26,987.50				4,773.10	22,214.40		-
Hazardous Site Remediation - Motor Vehicle Inspection		32,032.00				9,332.00	22,700.00		-
Recycling Tonnage Grant - 2017	32,876.66	14,770.00	124,491.37			15,225.00	5,578.76		103,687.61
Recycling Tonnage Grant - 2014	1,578.81					45,257.45			2,389.21
Recycling Tonnage Grant - 2013	-								1,578.81
Recycling Tonnage Grant - 2009	-								-
Recycling Tonnage Grant - 2008	66.98								66.98
Green Acres - Altman Playground Acquisition	378,271.25								378,271.25
Harold Brown Memorial Park	-								-
Altman Field - Site Remediation	51,673.41								51,673.41
James Ustry Center - Site Remediation	157,720.00								157,720.00
National Fish and Wildlife	24,660.00	6,369.00	100,000.00						31,029.00
Innovation Planning Challenge									100,000.00
Total State	12,725,156.86	2,084,018.65	4,986,596.75			1,685,774.01	1,969,343.12	(5,229.00)	16,145,884.13
Total Federal State and Local	20,495,655.68	4,127,442.44	12,873,724.38			5,740,488.58	3,475,043.64	486,701.25	27,794,589.03

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance 12/31/2017</u>	<u>Transferred To 2018 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance 12/31/2018</u>
FEDERAL GRANTS:					
Total Federal	\$ -	-	-	-	-
STATE GRANTS:					
Interest	8.41	8.41	19.67		19.67
Drunk Driving Enforcement Fund			12,661.44		12,661.44
Alcohol Education & Rehab - 2011	78,846.79	78,846.79			-
Recycling Tonnage Grant - 2015	124,491.37	124,491.37			-
Total State	203,346.57	203,346.57	12,681.11	-	12,681.11
\$	203,346.57	203,346.57	12,681.11	-	12,681.11

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

Ref.	Dog Licenses	Community Development Block Grant	Other
Balance December 31, 2017	\$ 1,683.00	64,184.30	9,228,517.38
Increased by Receipts:			
Dog License Fees 2018	1,182.00		
Due to State of New Jersey	183.60		
Police Detail Net Accounts Receivables			
Payroll Deductions Payable			
Miscellaneous Trust Reserves			4,407,074.97
Account Receivable Police Detail			
CDBG Draws		730,805.53	
CDBG Program Income		22,224.43	
Due from Current	775.10		
	<u>2,140.70</u>	<u>753,029.96</u>	<u>4,407,074.97</u>
	3,823.70	817,214.26	13,635,592.35
Decreased by Disbursements			
Statutory Expenditures	591.50		
Due to State of New Jersey	183.60		
Payroll Deductions Payable			
Miscellaneous Trust Reserves		8,643.93	4,816,880.41
Due to Current Fund			670,292.19
CDBG - Expenditures			
	<u>775.10</u>	<u>8,643.93</u>	<u>5,487,172.60</u>
Balance December 31, 2018	\$ 3,048.60	808,570.33	8,148,419.75

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

	Ref.	
Balance December 31, 2017		\$ 3,717,847.15
Increased by Receipts:		
Premiums	1,740,800.00	
Deposits for Redemption of Tax Sale Certificates	<u>4,858,762.79</u>	
		<u>6,599,562.79</u>
		10,317,409.94
Decreased by Disbursements:		
Premiums	3,265,300.00	
Tax Sale Redemptions	<u>3,743,292.91</u>	
		<u>7,008,592.91</u>
Balance December 31, 2018		<u>\$ 3,308,817.03</u>

ANALYSIS OF BALANCE - DECEMBER 31, 2018

Tax Title Lien Redemption	1,568,017.03
Tax Sale Premium	<u>1,740,800.00</u>
	<u>3,308,817.03</u>

**TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

	Ref.		
Balance December 31, 2017		\$	1,215.00
Increased by:			
Dog License Fees Collected	1,182.00		
	<u> </u>		<u>1,182.00</u>
			2,397.00
Decreased by:			
Statutory Excess			
Expenditures under N.J.S. 4:19-15:11	<u>591.50</u>		<u>591.50</u>
Balance December 31, 2018		\$	<u><u>1,805.50</u></u>

License Fees Collected:

Year		Amount
2017	\$	1,245.00
2016		<u>823.00</u>
	\$	<u><u>2,068.00</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND

	<u>Ref.</u>	
Balance December 31, 2017		\$ 468.00
Increased by:		
Payments made by Current Fund	775.10	
Statutory Excess	<u>-</u>	<u>775.10</u>
		1,243.10
Decreased by:		
Payment	<u>-</u>	<u>-</u>
Balance December 31, 2018		\$ <u><u>1,243.10</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

	<u>Ref.</u>	
Balance December 31, 2017		\$ -
Increased by:		
2018 State License Fees	183.60	
	<u>-</u>	<u>183.60</u>
		183.60
Decreased by:		
Disbursements to the State		<u>183.60</u>
Balance December 31, 2018		\$ <u><u>-</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR
COMMUNITY DEVELOPMENT BLOCK GRANT - APPROPRIATED**

Ref.

Balance December 31, 2017		\$	2,368,316.05
Increased by:			
Program Awards:			
CDBG	\$	1,195,390.00	
HOME		785,573.00	
IDIS Adjustment			
Program Income		<u>22,224.43</u>	
			<u>2,003,187.43</u>
			4,371,503.48
Decreased by:			
Program Expenditures:			
CDBG		587,797.98	
HOME		175,772.35	
Cancelled			
		<u></u>	<u>763,570.33</u>
Balance December 31, 2018		\$	<u><u>3,607,933.15</u></u>
Analysis of Balance:			
Community Development Block Grant			2,198,296.46
HOME			1,394,532.13
Program Income			<u>15,104.56</u>
			<u><u>3,607,933.15</u></u>

**TRUST FUND
COMMUNITY DEVELOPMENT BLOCK GRANT
DUE TO(FROM) CURRENT FUND**

Balance December 31, 2017		\$	168,643.93
Increase by:			
Receipts	804,103.69		
	<hr/>		<hr/>
			804,103.69
			<hr/>
			972,747.62
Decreased by:			
Disbursements	44,793.86		
	<hr/>		<hr/>
			44,793.86
			<hr/>
Balance December 31, 2018		\$	<u><u>927,953.76</u></u>

Exhibit B-8

TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Reserve</u>	Balance Dec 31, 2017	Receipts	Disbursements	Balance Dec 31, 2018
Uniform Fire Safety	\$ (156,177.38)	159,078.47	112,356.84	(202,899.01)
Law Enforcement	-	10,817.08	111,415.47	100,598.39
Parking Offense Adjudication Act	(33,128.66)	9,096.00	-	(42,224.66)
Unemployment Compensation	(2,547,387.19)	50,000.00	647,933.82	(1,949,453.37)
Workers Compensation	(5,817,578.41)	4,233,397.17	5,717,607.62	(4,333,367.96)
Self Insurance Fund	(4,077,436.18)	4,929,075.16	5,032,766.03	(3,973,745.31)
Environmental Quality and Enforcement	(11,536.47)	1,250.00	2,841.40	(9,945.07)
Police Detail	-	1,728,696.13	2,261,762.50	533,066.37
Terminal Leave	-	3,660,164.00	2,658,148.68	(1,002,015.32)
Planning Developer's Escrow	8,785.29	755.85	2,563.30	10,592.74
AC Endowment Fund	-	945,910.46	-	(945,910.46)
Performance Bonds	-	205,862.89	-	(205,862.89)
	<u>\$ (12,634,459.00)</u>	<u>15,934,103.21</u>	<u>16,547,395.66</u>	<u>(12,021,166.55)</u>

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018

Reserve	Increased by			Decreased by			Balance Dec 31, 2018
	Balance Dec 31, 2017	Receipts	Collections made by Current Fund	Disbursements	Payments made by Current Fund	Encumbrances and Adjustment	
Uniform Fire Safety	\$ 156,177.38		159,078.47		112,356.84		202,899.01
Parking Offense Adjudication Act	32,372.57		9,096.00				41,468.57
Unemployment Compensation	2,547,387.19		50,000.00		647,933.82		1,949,453.37
Law Enforcement	407,138.38	749,852.67		717,990.42			439,000.63
Workers Compensation	5,817,578.41		4,233,397.17		5,717,607.62		4,333,367.96
Self Insurance Fund	4,077,436.18		4,929,075.16		5,032,766.03		3,973,745.31
Environmental Quality and Enforcement	11,536.47		1,250.00		2,841.40		9,945.07
Accumulated Sick and Vacation	7,794,566.10	1,556,564.41		2,105,914.91			7,245,215.60
Planning Developer's Escrow	308,961.59	25,003.28					333,964.87
Police Detail	653,679.90	2,075,654.61		1,992,975.08			736,359.43
AC Endowment Fund			945,910.46				945,910.46
Performance Bonds			205,862.89				205,862.89
	<u>\$ 21,806,834.17</u>	<u>4,407,074.97</u>	<u>10,533,670.15</u>	<u>4,816,880.41</u>	<u>11,513,505.71</u>	<u>-</u>	<u>20,417,193.17</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2017		\$	13,751,768.83
Increased by:			
Receipts	63,177,951.43		
	<hr/>		<hr/>
			63,177,951.43
			76,929,720.26
Decreased by:			
Disbursements	64,643,674.26		
	<hr/>		<hr/>
			64,643,674.26
Balance December 31, 2018		\$	<u>12,286,046.00</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements	Transfers		Balance Dec. 31, 2018
		Miscellaneous	Debt Issued		From	To	
\$	17,336,471.41						3,323,519.98
Fund Balance	1,111,292.97						1,311,292.97
Capital Improvement Fund	1,487,156.92	200,000.00			1,487,156.92	2,315,182.78	2,315,182.78
Contracts Payable	(270,000.00)						(270,000.00)
Grant Receivable							
Improvement Authorizations:							
86-08 Various Improvements	75,636.76						20,501.68
32-09 Recreation Playground Acquisition	826.99			60,058.04	2,588.53	7,511.49	826.99
51-10 Various Improvements	1,379,919.17			8,811.77		8,811.77	1,167,769.83
74-11/51-11 Improvements to Garden Pier	15,818.86			197,235.46	375,044.96	360,131.08	15,818.86
27-12 Various Improvements	41,491.04			-	41,491.04	-	-
03-13 Construction of Playground	270,000.00			-	818,292.58	-	(548,292.58)
25-13 Street Reconstruction	-			15,708.93		15,708.93	-
33-13 Various Capital Improvements	-			-	124,768.00	124,768.00	-
51-13 General Obligation	5,027,709.14			690,278.54	908,369.42	676,384.81	4,105,445.99
51-13/40-14 Road and Sidewalk Improvements	-			341,366.14	7,237.84	7,237.84	-
85-15 Various Improvements	1,086,397.00			-	342,736.86	286,603.00	690,897.00
7-17 Tax Appeal Refund	(6,801,280.57)	6,801,280.57		-			-
20-17 Tax Appeal Refund	(7,011,670.86)	7,011,670.86		-			-
01-18 Pension and Health Benefits			49,165,000.00	49,165,000.00	581,238.71	886,585.16	153,082.50
08-18 Buildings and Improvements				152,263.95			-
\$	13,751,768.83	14,012,951.43	49,165,000.00	50,630,722.83	4,688,924.86	4,688,924.86	12,286,046.00

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2017		\$	1,111,292.97
Increased by:			
2018 Budget Appropriation	200,000.00		
	<hr/>		<hr/>
			200,000.00
			1,311,292.97
Decreased by:			
Appropriated to Finance Improvement Authorizations	-		
	<hr/>		<hr/>
			-
Balance December 31, 2018		\$	<u><u>1,311,292.97</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2017		\$ 344,609,000.00
Increased by:		
Bonds issued	49,165,000.00	
	<hr/>	<hr/> 49,165,000.00
		393,774,000.00
Decreased by:		
Bonds redeemed	17,545,000.00	
	<hr/>	<hr/> 17,545,000.00
Balance December 31, 2018		\$ <u><u>376,229,000.00</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord #	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Raised in 2018 Budget	Adjustment or Debt Issued	Balance Dec. 31, 2018	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
03-13	Construction of Playground	\$ 480,000.00			480,000.00	-			
7-17	Tax Appeal Refunding	6,801,280.57		6,801,280.57		-			-
20-17	Tax Appeal Refunding	7,011,670.86		7,011,670.86		-			-
08-18	Buildings and Improvements		480,000.00			480,000.00		395,210.08	84,789.92
		<u>\$ 14,292,951.43</u>	<u>480,000.00</u>	<u>13,812,951.43</u>	<u>480,000.00</u>	<u>480,000.00</u>	<u>-</u>	<u>395,210.08</u>	<u>84,789.92</u>
Improvement Authorizations Unfunded Less: Unexpended Proceeds of Bond Anticipation Notes Issued: <u>Ord. Number</u>									
									84,789.92
									<u>84,789.92</u>

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**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018	
			Date	Amount						
General Obligation Bonds of 2008	2/15/2008	26,500,000				3,000,000.00		3,000,000.00	-	
General Obligation Bonds of 2011	2/1/2011	16,354,000	2/1/2019	1,600,000.00	5.00%					
			2/1/2020	1,500,000.00	5.00%					
			2/1/2021	1,900,000.00	4.50%					
			2/1/2022	1,599,000.00	5.00%	7,999,000.00		1,600,000.00	6,399,000.00	
Pension Refunding Bonds	4/1/2012	5,450,000	4/1/2019	655,000.00	4.253%					
			4/1/2020	685,000.00	4.556%					
			4/1/2021	730,000.00	4.756%		2,680,000.00		630,000.00	2,050,000.00
General Obligation	12/1/2013	13,901,000	12/1/2019	860,000.00	5.00%					
			12/1/2020	890,000.00	5.00%					
			12/1/2021	920,000.00	5.00%					
			12/1/2022	950,000.00	5.00%					
			12/1/2023	990,000.00	5.00%					
			12/1/2024	1,030,000.00	5.00%					
			12/1/2025	1,070,000.00	5.00%					
			12/1/2026	1,115,000.00	5.00%					
			12/1/2027	1,175,000.00	5.00%		11,065,000.00		835,000.00	10,230,000.00
			12/1/2028	1,230,000.00	5.00%		1,960,000.00		1,960,000.00	-
Refunding Issue 2014	1/15/2014	7,710,000								
General Obligation	3/1/2015	12,000,000	3/1/2019	425,000.00	6.00%					
			3/1/2020	500,000.00	6.00%					
			3/1/2021	600,000.00	6.375%					
			3/1/2022	600,000.00	6.375%					
			3/1/2023	600,000.00	6.375%					
			3/1/2024	600,000.00	6.375%					
			3/1/2025	600,000.00	6.375%					
			3/1/2026	600,000.00	6.375%					
			3/1/2027	600,000.00	6.375%					
			3/1/2028	600,000.00	6.375%					
			3/1/2029	2,265,000.00	6.375%					
			3/1/2030	2,635,000.00	6.375%	11,150,000.00		425,000.00	10,725,000.00	
General Obligation - Health and Pension	4/4/18	49,165,000	9/1/2021	3,000,000.00	3.665%					
			9/1/2022	8,005,000.00	3.804%			49,165,000.00		49,165,000.00
			9/1/2023	8,365,000.00	3.954%					
			9/1/2024	8,695,000.00	4.081%					
			9/1/2025	9,050,000.00	4.231%					
			9/1/2026	12,000,000.00	4.290%					
						\$ 37,864,000.00	49,165,000.00	8,450,000.00	78,579,000.00	
							Refunded Redeemed	8,450,000.00		
								8,450,000.00		

**GENERAL CAPITAL FUND
SCHEDULE OF TAX APPEAL REFUNDING BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2018				Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount							
Series 2012 (tax exempt)	12/5/2012	90,380,000	11/1/2019	6,425,000.00			5.00%				
			11/1/2020	5,035,000.00			5.00%				
			11/1/2021	4,680,000.00			5.00%				
			11/1/2022	4,155,000.00			5.00%				
			11/1/2023	5,730,000.00			4.00%				
			11/1/2024	5,780,000.00			4.00%				
			11/1/2025	5,790,000.00			4.00%				
			11/1/2026	5,590,000.00			4.00%				
			11/1/2027	5,610,000.00			4.00%				
			11/1/2028	5,630,000.00			3.00%				
			11/1/2029	5,140,000.00			3.00%				
			11/1/2030	5,095,000.00			3.00%				
			11/1/2031	4,800,000.00			3.125%				
			11/1/2032	4,560,000.00			3.125%	78,640,000.00		4,840,000.00	73,800,000.00
Series 2013 (tax exempt)	12/1/2013	48,976,000	12/1/2019	7,125,000.00			5.000%				
			12/1/2020	6,680,000.00			5.000%				
			12/1/2021	6,235,000.00			5.000%				
			12/1/2022	6,055,000.00			5.000%				
			12/1/2023	5,790,000.00			5.000%				
			12/1/2024	4,145,000.00			5.000%				
			12/1/2025	4,315,000.00			5.000%				
			12/1/2026	890,000.00			5.000%				
			12/1/2027	890,000.00			5.000%				
			12/1/2028	890,000.00			5.000%				
			12/1/2029	890,000.00			5.000%				
			12/1/2030	890,000.00			5.000%				
			12/1/2031	890,000.00			5.000%				
			12/1/2032	890,000.00			5.000%				
			12/1/2033	890,000.00			5.000%	48,220,000.00		755,000.00	47,465,000.00
Series 2015A (taxable)	5/21/2015	41,786,000	3/1/2019	525,000.00			7.000%				
			3/1/2020	605,000.00			7.000%				
			3/1/2021	685,000.00			7.000%				
			3/1/2022	770,000.00			7.000%				
			3/1/2023	865,000.00			7.000%				
			3/1/2024	965,000.00			7.000%				
			3/1/2025	1,070,000.00			7.000%				
			3/1/2026	1,185,000.00			7.000%				
			3/1/2027	1,310,000.00			7.000%				
			3/1/2028				7.000%				
			3/1/2029				7.000%				
			3/1/2030	2,355,000.00			7.500%				
			3/1/2031	2,540,000.00			7.500%				
			3/1/2032	2,735,000.00			7.500%				
			3/1/2033	2,965,000.00			7.500%				
			3/1/2034	3,180,000.00			7.500%				
			3/1/2035	3,430,000.00			7.500%				
			3/1/2036	3,685,000.00			7.500%				
			3/1/2037	3,860,000.00			7.500%				
			3/1/2038	4,290,000.00			7.500%				
Series 2017A	5/24/2017	88,800,000	3/1/2040	4,625,000.00			7.500%	41,780,000.00			41,760,000.00
			3/1/2019				5.000%				
			3/1/2020	1,670,000.00			5.000%				
			3/1/2021	1,750,000.00			5.000%				
			3/1/2022	1,845,000.00			5.000%				
			3/1/2023	1,945,000.00			5.000%				
			3/1/2024	2,045,000.00			5.000%				
			3/1/2025	2,150,000.00			5.000%				
			3/1/2026	2,265,000.00			5.000%				
			3/1/2027	2,385,000.00			5.000%				
			3/1/2028				5.000%				
			3/1/2029				5.000%				
			3/1/2030				5.000%				
			3/1/2031	13,185,000.00			5.000%				
			3/1/2032				5.000%				
			3/1/2033				5.000%				

**GENERAL CAPITAL FUND
SCHEDULE OF TAX APPEAL REFUNDING BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
Series 2017B	8/20/2017	68,325,000	3/1/2034		5.000%				
			3/1/2035		5.000%				
			3/1/2036		5.000%				
			3/1/2037	17,750,000.00	5.000%				
			3/1/2038		5.000%				
			3/1/2039		5.000%				
			3/1/2040		5.000%				
			3/1/2041		5.000%				
			3/1/2042	22,910,000.00	5.000%	69,800,000.00		69,800,000.00	
			3/1/2019	1,800,000.00	4.000%				
			3/1/2020	1,800,000.00	5.000%				
			3/1/2021	1,800,000.00	5.000%				
			3/1/2022	1,800,000.00	5.000%				
			3/1/2023	1,820,000.00	5.000%				
			3/1/2024	1,915,000.00	5.000%				
			3/1/2025	2,015,000.00	5.000%				
			3/1/2026	2,115,000.00	5.000%				
			3/1/2027	2,225,000.00	5.000%				
			3/1/2028		5.000%				
			3/1/2030		5.000%				
			3/1/2031		5.000%				
			3/1/2032	12,960,000.00	5.000%				
			3/1/2033		5.000%				
			3/1/2034		5.000%				
			3/1/2035		5.000%				
			3/1/2036		5.000%				
			3/1/2037	16,575,000.00	5.000%				
			3/1/2038		4.000%				
			3/1/2039		4.000%				
			3/1/2040		4.000%				
			3/1/2041		4.000%				
			3/1/2042	18,000,000.00	4.000%				
						69,825,000.00	3,500,000.00	64,825,000.00	
						<u>\$ 306,745,000.00</u>	<u>-</u>	<u>9,095,000.00</u>	<u>297,650,000.00</u>

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GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Debt Issued	Raised in Budget	Transfers/ Cancelled	Balance Dec. 31, 2018
33-13	Construction of Playground	480,000.00				480,000.00	-
7-17	Tax Appeal Refunding	6,801,280.57			6,801,280.57		-
20-17	Tax Appeal Refunding	7,011,670.86			7,011,670.86		-
01-18	Pension and Health		55,000,000.00	49,165,000.00		5,835,000.00	-
08-18	Buildings and Improvements					(480,000.00)	480,000.00
		<u>\$ 14,292,951.43</u>	<u>55,000,000.00</u>	<u>49,165,000.00</u>	<u>13,812,951.43</u>	<u>5,835,000.00</u>	<u>480,000.00</u>

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CITY OF ATLANTIC CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000, except by contract or agreement

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

The minutes indicate bids were requested by public advertising for the following items:

- Generator repair and emergency service
- Fire alarm service
- Fire suppression inspection, testing and maintenance
- Ambulance dispatch services
- HVAC upgrades
- Streetscape project improvements
- Fire safety and emergency training trailer
- Carrier rooftop units
- Demolition, removal of asbestos and final clean up
- Road constructions
- Vehicles

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any payments in excess of \$40,000 "for the performance of any work or the furnishing or hiring of any materials or supplies: other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they become delinquent. The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes.

"BE IT RESOLVED" by the City Council of the City of Atlantic City, in accordance with Chapter 435, New Jersey Laws of 1979, and N.J.S.A. 54:4-67, 54:5-24, 54:5-32 and 54:5-35, which authorizes the Governing Body to fix the rate of interest to be charged, in the City of Atlantic City, for the nonpayment of taxes and assessments, said rate of interest shall be and is hereby fixed at 8 percent per annum on the first \$1,500 of

delinquency and 18% per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes and assessments become delinquent. In addition, a 6% penalty is authorized for delinquencies in excess of \$10,000 at the end of the year.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 17, 2018 and was complete. There are several bankruptcies from prior years not sold.

The following comparison is made of the number of the tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2018	502
2017	874
2016	658

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulation of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2018 and 2019 Taxes	5
Municipal Court	10

All delinquent taxes, except those in bankruptcy, were included in the accelerated tax sale. Therefore, no delinquent tax balances were available to verify. As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

Year	Currently		
	Tax Levy	Cash Collections	Percentage of Collections
2018	\$ 94,447,985	87,883,759	93.05%
2017	100,460,165 **	96,542,661	96.10%
2016	243,392,800 \$\$	231,758,652	95.22%
2015	240,246,154 ^^	236,406,572	98.40%
2014	347,223,794 @@	337,094,258	97.08%

** Reduced by \$7,218,614 in tax appeals

\$\$ Reduced by \$8,120,219 in tax appeals

^^ Reduced by \$11,502,196 in tax appeals

@@ Reduced by \$31,083,726 in tax appeals

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	3.533	3.421	3.860	3.422	3.348
Apportionment of Tax Rate:					
Municipal	1.799	1.798	1.898	1.747	1.749
Municipal Library	0.032	0.033	0.043	0.051	0.045
County	0.209	0.241	0.383	0.385	0.357
Local School	1.493	1.349	1.536	1.239	1.197
Assessed Valuation:	2,646,814,938	3,106,630,800	6,515,881,304	7,349,894,206	11,272,717,903

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent Taxes	Percentage of Tax Levy
2018	\$ 5,218,471	1,533,764	6,752,235	7.15%
2017	9,741,800	1,223,006	10,964,806	10.91%
2016	10,907,385	8,716,807	19,624,192	8.06%
2015	9,094,293	686,027	9,780,320	4.07%
2014	6,376,804	1,577,837	7,954,641	2.29%

Uniform Construction Code

The City of Atlantic City construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Law Enforcement Trust Fund

In order to promote statewide uniformity and accountability, the State Attorney General has issued standards concerning the administration of seized and forfeited property and monies. Funds distributed to a municipality from seizures or forfeitures, or the sale of forfeited property is to be deposited into a special law enforcement trust fund to be used for a law enforcement purpose. NJAC 13:77-1.4 defines a law enforcement purpose as a purpose which is calculated to enhance a law enforcement agency's ability to conduct criminal investigations, surveillance, arrests, and prosecutions and to respond more fully to the effects of crime and, for the purposes of these rules, shall be beyond that allocated by the law enforcement agency's annual budget. This special law enforcement trust fund must be under the direct control of the funding entity. Any local governmental body that receives forfeited proceeds or property shall comply with auditing requirements specified under NJSA 40A:5-4.

FINDINGS AND RECOMMENDATIONS

Finding 18-1

Criteria

The City is required to maintain a fixed asset general ledger accounting system.

Condition

An accurate listing of City assets is not being properly maintained or reconciled.

Cause

City personnel do not have appropriate training in maintaining the fixed asset general ledger.

Effect

It is unable to be determined if all of the City's fixed assets are properly recorded.

Recommendation

An inventory of assets should be performed. All assets should be tagged and tracked in the general ledger accounting system.

Management Response

The City is preparing to have an inventory prepared and will maintain the general ledger on an ongoing basis.

Finding 18-2

Criteria

Accurate records for all employees should be maintained to ensure withholdings are properly calculated.

Condition

Proper documentation is not available or obtained for employees, including I-9 forms and W-4 forms.

Cause

Procedures for personnel changes, including new hires and terminations, are not in place to ensure documentation is maintained and available for examination.

Effect

It is unable to be determined if employee withholdings are properly calculated and if all required documents have been obtained.

Recommendation

Procedures should be approved and implemented to ensure that all required forms and documentation is maintained in the human resources and payroll departments.

Management Response

Procedures will be implemented to ensure proper documentation is obtained and available for examination.

Finding 18-3

Criteria

Accurate records for all PILOT agreements should be maintained and reconciled to amounts remitted to ensure the City's revenues are properly calculated.

Condition

The PILOT revenues received are not being recalculated and reconciled to the amounts due per the approved PILOT agreements.

Cause

Procedures for the reconciliation of PILOT revenues are not in place to ensure the City is receiving the proper amount of PILOT revenues.

Effect

City management is unaware if all PILOT revenues have been received, or if any refunds are due based upon the approved PILOT agreements.

Recommendation

Procedures should be approved and implemented to ensure that all PILOT payments received are calculated properly based upon the approved agreement, in addition to procedures for follow up of non-payment of PILOT revenues.

Management Response

Procedures will be implemented to ensure proper revenues are received for all PILOT programs.

STATUS OF PRIOR RECOMMENDATIONS

Finding 17-1

An inventory of assets should be performed. All assets should be tagged and tracked in the general ledger accounting system.

This finding was not corrected in 2018.

Finding 17-2

All employees and departments should utilize a time keeping system that will track hours worked. Procedures should be approved and implemented to ensure that all required forms and documentation is maintained in the human resources and payroll departments.

This finding was partially corrected in 2018.

RECOMMENDATIONS

An inventory of assets should be performed. All assets should be tagged and tracked in the general ledger accounting system.

Procedures should be approved and implemented to ensure that all required forms and documentation is maintained in the human resources and payroll departments.

Procedures should be approved and implemented to ensure that all PILOT payments received are calculated properly based upon the approved agreement, in addition to procedures to follow up for non-payment of PILOT revenues.

In accordance with the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the City Council in response to my comments.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

August 16, 2019

